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U.S. DEPARTMENT OF AGRICULTURE

1994 BUDGET EXPLANATORY NOTES FOR COMMITTEE ON APPROPRIATIONS VOLUME 2

**ECONOMIC RESEARCH SERVICE
NATIONAL AGRICULTURAL STATISTICS SERVICE
WORLD AGRICULTURAL OUTLOOK BOARD**

**FARM SERVICE AGENCY
COMMODITY CREDIT CORPORATION**

**PUBLIC LAW 480
FOREIGN AGRICULTURAL SERVICE
OFFICE OF INTERNATIONAL COOPERATION
AND DEVELOPMENT**

**HUMAN NUTRITION INFORMATION SERVICE
FOOD AND NUTRITION SERVICE**

GENERAL PROVISIONS

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(Volume 2)

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ECONOMIC RESEARCH SERVICE

Purpose Statement

The Economic Research Service (ERS), was established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

ERS's mission is to provide economic and other social science information and analysis for improving the performance of agriculture and rural America.

ERS produces such information as a service to the general public and to help Congress and the administration develop, administer, and evaluate agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts U.S. and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of government policies and programs on farmers, rural residents and communities, natural resources, and the public. In addition, ERS produces economic and other social science information about the organization and institutions of the U.S. and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made available to the public through research monographs, situation and outlook reports, standardized data products in electronic media, professional and trade journals (including The Journal of Agricultural Economics Research), magazines (including Agricultural Outlook, Food Review, Rural Conditions and Trends, and Rural Development Perspectives), radio, television, newspapers, and frequent participation of ERS staff at various public forums.

ERS has four program divisions--Commodity Economics, Agriculture and Trade Analysis, Resources and Technology, and Agriculture and Rural Economy--that carry out the four principal functions of ERS: research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators. Research and economic and statistical indicators provide the knowledge base and the data base for the situation and outlook and staff analysis functions. The products of the situation and outlook analysis function are periodic reports that analyze the current situation and forecast the short-term outlook for major agricultural commodities, agricultural exports, agricultural finance, agricultural resources, and world agriculture. Staff analysis entails assessments of issues requiring policy decisions by the administration and Congress.

ERS is located in Washington, D.C. As of September 30, 1992, ERS had 773 permanent, full-time employees and 57 part-time employees.

ECONOMIC RESEARCH SERVICEAvailable Funds and Staff-Years1992 Actual and Estimated, 1993 and 1994

Item	1992 Actual	Staff- Years	1993 Estimated	Staff- Years	1994 Estimated	Staff- Years
	Amount		Amount		Amount	
Economic Research Service	\$58,930,000	775	\$58,925,000	764	\$51,461,000	751
<u>Obligations under</u>						
<u>Other USDA</u>						
<u>appropriations:</u>						
Agricultural Market-						
ing Service for						
study of marketing						
of U.S. agricultural						
products	311,921	3	206,000	2	140,000	1
Animal and Plant						
Health Inspection						
Service for support						
of Great Plains						
Council and grass-						
hopper project						
(passthu)	43,946	--	9,000	--	35,000	--
Agricultural Research						
Service for support						
of Great Plains						
Council (passthu) ..	9,803	--	9,000	--	--	--
Agricultural Co-						
operative Service						
for agricultural						
food marketing						
consortium	10,000	--	--	--	--	--
Cooperative State						
Research Service for:						
study of sustainable:						
agriculture and new						
uses	120,438	2	109,000	1	225,000	2
Extension Service for:						
support of Great						
Plains Council						
(passthu)	8,946	--	9,000	--	--	--
Farmers Home Adminis-						
tration for						
personnel details						
and wastewater needs:						
data	93,051	--	83,000	--	--	--
Federal Crop In-						
surance Corporation						
for support of the						
insurance program ..	200,000	--	--	--	--	--
Federal Grain Inspec-						
tion Service for						
grading and price						
impact studies	246,721	3	275,000	3	--	--
Food and Nutrition						
Service for study						
of WIC program	18,500	--	--	--	--	--

Item	1992		1993		1994	
	Actual		Estimated		Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Foreign Agricultural Service for international trade studies (passthru)	28,334	--	16,000	--	--	--
Forest Service for support of Great Plains Council (passthru)	10,689	--	9,000	--	--	--
Office of Energy for personnel detail and support of marketing and food safety	69,918	1	--	--	--	--
Packers & Stockyards for concentration study	127,500	1	--	--	--	--
Rural Development Administration for the support of state councils (passthru)	1,736,348	--	4,000,000	--	5,750,000	--
Soil Conservation Service for support of Great Plains Council (passthru)	8,946	--	9,000	--	--	--
Miscellaneous reimbursements	18,297	--	13,000	--	--	--
Total, Other USDA Appropriations	3,063,358	10	4,747,000	6	6,150,000	3
Total, Agriculture Appropriations	61,993,358	785	63,672,000	770	57,611,000	754
<u>Other Federal Funds:</u>						
Department of Defense for grain transportation	25,556	--	--	--	--	--
Council of Economic Advisors for personnel detail	96,071	1	--	--	--	--
Commission on agricultural workers for analysis of wages and employment	10,000	--	--	--	--	--
Environmental Protection Agency for studies on pesticide residues and water control	39,500	--	--	--	--	--
Office of International Cooperation and Development for personnel details and food aid studies	2,266,788	14	2,916,000	19	294,000	4
Total, Other Federal Funds	2,437,915	15	2,916,000	19	294,000	4

Item	1992		1993		1994	
	Actual		Estimated		Estimated	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
Non-Federal Funds:						
Miscellaneous Contri-						
buted Funds from						
publications and data:						
sales, and other						
private organizations:	497,468	1	400,000	1	389,000	1
North Carolina State						
University for						
personnel detail	279,688	3	300,000	3	456,000	3
Texas A&M for a study						
of regional implica-						
tions of farm pro-						
grams	68,000	--	37,000	--	--	--
Total, Non-Federal						
Funds	845,156	4	737,000	4	845,000	4
Total, Economic						
Research Service	\$65,276,429	804	67,325,000	793	58,750,000	762

ECONOMIC RESEARCH SERVICE

Permanent Positions by Grade and Staff-Year Summary1992 and Estimated 1993 and 1994

Grade	FY 1992 Headquarters	FY 1993 Headquarters	FY 1994 Headquarters
ES-6	1	1	1
ES-5	1	1	1
ES-4	4	4	4
ES-2	1	2	2
ES-1	1	--	--
Senior Level	1	1	1
GS/GM-15	56	56	56
GS/GM-14	127	127	126
GS/GM-13	204	204	201
GS-12	117	117	114
GS-11	45	45	44
GS-10	2	2	2
GS-9	37	37	37
GS-8	20	20	20
GS-7	50	50	50
GS-6	43	43	42
GS-5	46	46	45
GS-4	12	12	11
GS-3	4	4	4
GS-2	1	1	1
Total Permanent Positions ...	773	773	762
Unfilled Positions end-of-year	--	--	--
Total, Permanent Employment, end-of-year	773	773	762
Staff-Years: Ceiling	804	793	762

ECONOMIC RESEARCH SERVICE

CLASSIFICATION BY OBJECTS1992 and Estimated 1993 and 1994

	<u>1992</u>	<u>1993</u>	<u>1994</u>
Personnel Compensation:			
Headquarters	36,093,932	37,096,000	36,206,000
Field	--	--	--
11 Total personnel compensation	36,093,932	37,096,000	36,206,000
12 Personnel benefits	6,634,669	6,819,000	6,655,000
13 Benefits for former personnel	<u>5,326</u>	<u>5,000</u>	<u>20,000</u>
Total Pers. Comp & Benefits	42,733,927	43,920,000	42,881,000
Other Objects:			
21 Travel	880,947	817,000	485,000
22 Transportation of things	78,935	74,000	20,000
23.3 Communications, utilities, and misc. charges	699,941	648,000	822,000
24 Printing and reproduction	418,975	389,000	400,000
25 Other services	10,967,900	10,216,000	6,203,000
26 Supplies and materials	986,407	909,000	350,000
31 Equipment	<u>2,105,910</u>	<u>1,952,000</u>	<u>300,000</u>
Total other objects	<u>16,139,015</u>	<u>15,005,000</u>	<u>8,580,000</u>
Total direct obligations	<u>58,872,942</u>	<u>58,925,000</u>	<u>51,461,000</u>

Position Data:

Average Salary, ES positions	\$102,600	\$105,000	\$105,000
Average Salary, GM/GS positions	\$46,108	\$46,236	\$46,483
Average Grade, GM/GS positions	11.2	11.2	11.2

ECONOMIC RESEARCH SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, including economics of marketing; analyses relating to farm prices, income and population, and demand for farm products, use of resources in agriculture, adjustments, costs and returns in farming, and farm finance; research relating to the economic and marketing aspects of farmer cooperatives; and for analysis of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products, [\$58,720,000] \$51,461,000; of which \$500,000 shall be available for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said Administrator, other agencies or before the courts: *Provided*, That this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and the consumer: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225): *Provided further*, That this appropriation shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

ECONOMIC RESEARCH SERVICE

Appropriation Act, 1993	\$58,720,000
Budget Estimate, 1994	<u>51,461,000</u>
Decrease in Appropriation	<u>-7,259,000</u>

Adjustments in 1993:

Appropriation Act, 1993	58,720,000	
Office of the Secretary Transfer a/	<u>+205,000</u>	
Adjusted base for 1993		58,925,000
Budget Estimate, Current Law 1994		<u>51,461,000</u>
Decrease from adjusted 1993		<u>-7,464,000</u>

a/ The transfer from the Office of the Secretary is to provide technical support for the development of new uses for agricultural commodities including a strong emphasis on alternative fuels. On a comparable basis, the full annual cost of for this activity is \$205,000 for 1993 and \$205,000 for 1994.

Summary of Increases and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1993</u> <u>Estimated</u>	<u>Pay Costs</u>	<u>Other</u> <u>Changes</u>	<u>1994</u> <u>Estimated</u>
Economic Analysis and Research	\$58,925,000	+\$979,000	-\$8,443,000	\$51,461,000

Project Statement
(On basis of adjusted appropriation)

Project	1992		1993		Decrease	1994	
	Actual		Estimated			Estimated	
	Amount	:Staff- :Years	Amount	:Staff- :Years		Amount	:Staff- :Years
Economic Analysis and Research	\$58,872,942:	775	\$58,925,000:	764	(1) -\$7,464,000:	\$51,461,000:	751
Unobligated Balance	57,058:	--	--	--	--	--	--
Total available or estimate	58,930,000:	775	58,925,000:	764	-7,464,000:	51,461,000:	751
Transfer from Secretary's Office	-210,000:	-2	-205,000:	-2			
Total, Appropriation	58,720,000:	773	58,720,000:	762			

EXPLANATION OF PROGRAM

The appropriation for the Economic Research Service funds the following activity:

--Economic analysis and research--This activity includes research, situation and outlook analysis, staff analysis, and development of economic and statistical indicators in the four major program areas--commodity economics, agriculture and trade analysis, resources and technology, and agriculture and rural economy.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A net decrease of \$7,464,000 for economic analysis and research, consisting of:

(a) An increase of \$405,000, which reflects a 2.7-percent increase in nonsalary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our program.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect critical parts of our program.

(b) An increase of \$979,000 for absorbed fiscal year 1993 pay costs .

(c) A decrease of \$10,000 for FTS 2000 funding (\$90,000 available in fiscal year 1993).

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

(d) A decrease of \$395,000 for rice modeling (\$395,000 available in fiscal year 1993).

Need for Change. This reduction is part of a governmentwide effort to reduce the Federal deficit by control of discretionary spending.

Nature of Change. This decrease would terminate ERS funding of a project at the Universities of Arkansas and Missouri to expand the capability of their commodity policy modeling system to conduct analysis on the consequences of value-added exports. This project was funded by ERS in fiscal years 1992 and 1993, for a cumulative total of \$790,000.

(e) A decrease of \$50,000 for the Western Livestock Marketing Information Program (\$50,000 available in fiscal year 1993).

Need for Change. This reduction is part of a governmentwide effort to reduce the Federal deficit by control of discretionary spending.

Nature of Change. This decrease would terminate the ERS contribution to the funding of this regional information project. ERS has contributed \$50,000 annually to this project since fiscal year 1979, for a cumulative total of \$750,000.

(f) A decrease of \$8,393,000 for economic analysis and research (\$58,390,000 million available in fiscal year 1993).

Need for Change. ERS will realize \$8.4 million in program savings in fiscal year 1994 through a combination of improved program efficiencies, consolidation of staff around issues and subject matters most essential

to the Department's policymaking needs, reductions in areas where problems of the 1980's have diminished, and reduction of data purchases and support services. This reduction is part of a governmentwide effort to reduce the Federal deficit by control of discretionary spending.

For fiscal year 1994 through 1997, the budget includes a total savings of about \$59 million. This is a 22-percent reduction from current activities and will be accomplished through further staff reductions and a refocusing of analyses on the Department's most essential issues.

Nature of Change. Specific program reductions and efficiencies will be determined at a later date. However, examples of possible reductions include:

- Reduction in cooperative research with land-grant and other universities. Efforts could be made to continue critical joint research with in-kind contributions by both parties.
- Reduction in survey funding and data purchases. With the farm sector in improved financial condition relative to the mid-1980's, ERS could drop much of the detailed analysis of financially vulnerable farmers and other well-being measures. Cost-of-production data could be dropped for commodities not mandated by the Congress.
- Reduction in analysis of decisions before the Administrator of the Environmental Protection Agency that pertain to use of agricultural pesticides. ERS is mandated in its appropriation language to review the actions of the Administrator of EPA as to their effect on the production of food and upon the agricultural economy. The Department now has a National Agricultural Pesticide Impact Assessment Program process that can draw on universities for analytical assistance.
- Major reduction in travel related to training and participation in State and regional constituent meetings. Travel related to requests for assistance to other agencies could be funded by requestors.
- Reduction in commodity research and market analysis. A reduced staff could focus on the most critical commodities and realize further savings by reducing frequency and depth of situation and outlook reports. Reduced number of printed reports could be partly offset with more fee-driven electronic dissemination of analyses and data.
- Reduction in analyses of farm credit, finance, and structural issues. Improved farm financial conditions, compared to the 1980's, may reduce the urgency of some of this work, including the annual report to the Congress on the status of family farms.
- Savings from streamlining economic analysis related to international trade, farm and food marketing, environment, global change, energy, and new crop uses are possible.
- Savings from increased efficiencies and reduced support activities, including ADP, manuscript editing, and personnel management. More work can now be done with desktop publishing. With a smaller staff and no hiring for several years, the number of personnel specialists could be reduced.

ECONOMIC RESEARCH SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	<u>1992</u>		<u>1993</u>		<u>1994</u>	
	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>	<u>Amount</u>	<u>Staff- Years</u>
Alabama	81,000	- -	- -	- -	- -	- -
Arizona	6,525	- -	- -	- -	- -	- -
Arkansas	319,355	- -	26,000	- -	26,000	- -
California	155,360	- -	46,000	- -	46,000	- -
Colorado	8,943	- -	9,000	- -	9,000	- -
Connecticut	131,245	- -	50,000	- -	50,000	- -
Delaware	8,500	- -	- -	- -	- -	- -
District of Columbia	56,664,706	775	58,350,000	764	50,886,000	751
Florida	82,000	- -	43,000	- -	43,000	- -
Hawaii	15,000	- -	- -	- -	- -	- -
Illinois	40,000	- -	- -	- -	- -	- -
Indiana	138,952	- -	36,000	- -	36,000	- -
Iowa	57,500	- -	- -	- -	- -	- -
Kentucky	103,948	- -	58,000	- -	58,000	- -
Louisiana	5,000	- -	17,000	- -	17,000	- -
Maryland	37,400	- -	- -	- -	- -	- -
Massachusetts	27,650	- -	15,000	- -	15,000	- -
Michigan	27,000	- -	16,000	- -	16,000	- -
Minnesota	76,745	- -	17,000	- -	17,000	- -
Missouri	135,645	- -	61,000	- -	61,000	- -
Montana	79,602	- -	60,000	- -	60,000	- -
Nebraska	7,500	- -	- -	- -	- -	- -
New York	146,204	- -	- -	- -	- -	- -
New Mexico	20,500	- -	- -	- -	- -	- -
North Carolina	56,000	- -	- -	- -	- -	- -
Ohio	17,500	- -	85,000	- -	85,000	- -
Oklahoma	43,500	- -	- -	- -	- -	- -
Oregon	55,018	- -	- -	- -	- -	- -
Pennsylvania	17,000	- -	- -	- -	- -	- -
Tennessee	20,000	- -	- -	- -	- -	- -
Texas	162,020	- -	36,000	- -	36,000	- -
Virginia	46,124	- -	- -	- -	- -	- -
Wisconsin	<u>79,500</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Subtotal, Available or Estimate	58,872,942	775	58,925,000	764	51,461,000	751
Unobligated balance	<u>57,058</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>	<u>- -</u>
Total, Available or Estimate	<u>58,930,000</u>	<u>775</u>	<u>58,925,000</u>	<u>764</u>	<u>51,461,000</u>	<u>751</u>

NATIONAL AGRICULTURAL STATISTICS SERVICE

Purpose Statement

The USDA published its first crop report in 1863, and further strengthened this responsibility in 1905 by creating the Crop Reporting Board (now the Agricultural Statistics Board). Today, the major responsibility for collecting and publishing current statistics on the Nation's agriculture is carried on by the National Agricultural Statistics Service (NASS). These responsibilities were authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627).

NASS's unbiased statistics on agriculture keep all involved with America's biggest industry well informed, help provide the basic foundation necessary to keep agricultural markets stable and efficient, and help maintain a "level playing field."

NASS programs are conducted in the following major areas:

1. Agricultural Estimates. NASS State Statistical Offices regularly survey thousands of operators of farms, ranches, and agribusinesses who voluntarily provide information on a confidential basis. Consolidating these reports with field observations, objective yield measurements, and other data, statisticians then produce State estimates. These estimates are forwarded to NASS headquarters where they are combined and released to the press and public through the Agricultural Statistics Board. Annually, over 400 national reports are complemented with State reports that provide broad coverage of agriculture, including more than 120 crop and 45 livestock items.
2. Statistical Research and Service. Research is conducted to improve the statistical methods and techniques used in developing agricultural statistics. This research is directed toward improved quality and efficiency in sampling, data collection, and forecasting techniques.
3. Work Performed for Others. Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable basis. These services consist primarily of conducting surveys and performing related data collection activities. They also include technical consultation, support, and assistance for international programs under participating agency service agreements.

The National Agricultural Statistics Service maintains a central office in Washington, D.C., and a network of 45 field offices, serving all 50 States, that operate through cooperative agreements with State Departments of Agriculture or universities. As of September 30, 1992, the Service had 1,098 permanent full-time employees and 64 part-time employees, including 392 full-time and 38 part-time employees in Washington, D.C.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Available Funds and Staff-Years

1992 Actual and Estimated, 1993 and 1994

Item	1992		1993		1994	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
National Agricultural Statistics Service.....	\$82,641,400:	1,046:	\$81,004,000:	1,040:	\$82,479,000:	1,036:
<u>Obligations under Other</u>						
<u>USDA appropriations:</u>						
Agricultural Cooperative Service for data processing	20,000:	--:	--:	--:	--:	--:
Agricultural Marketing Service for consulting services and data on pesticides and milk prices.....	203,900:	3:	384,000:	5:	400,000:	5:
Animal and Plant Health Inspection Service for animal health monitoring system and data on animal damage control:	420,000:	5:	420,000:	5:	450,000:	5:
Agricultural Stabilization and Conservation Service (CCC) for data on feed grains, and wool and mohair stocks.....	100,000:	1:	110,000:	1:	100,000:	1:
Economic Research Service for data on chemical use and farm economics, cropping practices, farm costs and returns, farm and rural markets, land use, land values, farm real estate taxes, post harvest handling practices, water quality, and wool and mohair stocks.....	4,521,000:	57:	4,657,000:	59:	2,898,000:	41:
Federal Crop Insurance Corporation for acreage and yield production data on insured crops.....	645,000:	9:	670,000:	9:	950,000:	15:
Forest Service for data on grazing fees..	40,000:	--:	40,000:	--:	40,000:	--:
Human Nutrition Information Service for consulting services..	100,000:	2:	100,000:	2:	100,000:	2:
Office of Information Resource Management for personnel detail..	12,480:	--:	--:	--:	--:	--:

Item	1992		1993		1994	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
Office of Operations						
for personnel detail	6,420	--	--	--	--	--
Soil Conservation						
Service for liaison						
with 1890 colleges..	--	--	65,000	--	65,000	--
World Agricultural						
Outlook Board for						
grain report,						
lockup support and						
data on wool and mo-						
hair stocks.....	12,566	--	7,000	--	7,000	--
Total, Other USDA						
Appropriations.....	6,081,366	77	6,453,000	81	5,010,000	69
Total, Agriculture						
Appropriations.....	88,722,766	1,123	87,457,000	1,121	87,489,000	1,105
Other Federal Funds:						
Commerce, Department						
of, for assistance						
in research on						
computer assisted						
telephone interview						
techniques, data						
editing and						
personnel detail....	500,000	1	264,000	1	350,000	1
Environmental Protec-						
tion Agency for						
data on agroeco-						
systems and water						
quality.....	200,000	3	250,000	3	350,000	5
Interior, Department						
of, for data on						
grazing fees.....	40,000	--	40,000	--	40,000	--
Labor, Department of						
for assistance in						
research on compu-						
ter assisted tele-						
phone interview						
techniques, and for						
data on seasonal						
agricultural						
workers.....	252,500	--	253,000	--	350,000	--
National Academy of						
Sciences for per-						
sonnel detail.....	41,200	--	16,000	--	--	--
Office of Inter-						
National Coopera-						
tion and Develop-						
ment (from AID) for						
training, tech-						
nical assistance,						
equipment and						
personnel detail....	705,067	9	424,000	6	600,000	10
Total, Other Federal						
Funds.....	1,738,767	13	1,247,000	10	1,690,000	16

Item	1992		1993		1994	
	Actual	Staff- Years	Estimated	Staff- Years	Estimated	Staff- Years
	Amount		Amount		Amount	
<u>Non Federal Funds:</u>						
State Agencies for						
survey work.....	1,945,058:	24:	1,800,000:	22:	1,800,000:	22
Misc. Contributed						
Funds for distribu-						
tion of crop						
releases and data						
on beef, hops, malt-						
ing barley, milk,						
oats, fruit, vegeta-						
bles, wheat, soy-						
beans, wool and mo-						
hair stocks, agri-						
cultural equipment						
dealers, farm famil-						
ies, and conducting						
mailings.....	220,138:	2:	250,000:	2:	243,000:	2
Total Non-Federal						
Funds.....	2,165,196:	26:	2,050,000:	24:	2,043,000:	24
Total, National						
Agricultural						
Statistics Service....	92,626,729:	1,162:	90,754,000 :	1,155:	91,222,000 :	1,145

NATIONAL AGRICULTURAL STATISTICS SERVICE

Permanent Positions by Grade and Staff-Year Summary

1992 and Estimated 1993 and 1994

Grade	FY 1992			FY 1993			FY 1994		
	Headquarters	Field	Total	Headquarters	Field	Total	Headquarters	Field	Total
ES-5	3	--	3	3	--	3	3	--	3
ES-4	3	--	3	3	--	3	3	--	3
ES-3	1	--	1	1	--	1	1	--	1
ES-2	1	--	1	1	--	1	1	--	1
ES-1	1	--	1	1	--	1	1	--	1
	:	:	:	:	:	:	:	:	:
GS/GM-15...	22	13	35	22	13	35	21	13	34
GS/GM-14...	49	48	97	49	48	97	48	48	96
GS/GM-13...	123	64	187	123	64	187	122	64	186
GS-12	38	89	127	38	91	129	37	91	128
GS-11	21	73	94	21	73	94	20	73	93
GS-10	1	--	1	1	--	1	1	--	1
GS-9	18	85	103	18	85	103	18	84	102
GS-8	21	2	23	21	2	23	21	2	23
GS-7	29	98	127	29	98	127	29	97	126
GS-6	28	95	123	28	95	123	28	95	123
GS-5	23	78	101	23	78	101	22	77	99
GS-4	9	56	65	9	56	65	8	56	64
GS-3	1	4	5	1	4	5	1	4	5
	:	:	:	:	:	:	:	:	:
Other	:	:	:	:	:	:	:	:	:
Graded	:	:	:	:	:	:	:	:	:
Positions:	--	1	1	--	1	1	--	1	1
	:	:	:	:	:	:	:	:	:
Total	:	:	:	:	:	:	:	:	:
Permanent:	:	:	:	:	:	:	:	:	:
Positions:	392	706	1,098	392	708	1,100	385	705	1,090
	:	:	:	:	:	:	:	:	:
Total	:	:	:	:	:	:	:	:	:
Permanent:	:	:	:	:	:	:	:	:	:
Employ-	:	:	:	:	:	:	:	:	:
ment, end:	:	:	:	:	:	:	:	:	:
of-year :	392	706	1,098	392	708	1,100	385	705	1,090
	:	:	:	:	:	:	:	:	:
Staff-	:	:	:	:	:	:	:	:	:
Years	:	:	:	:	:	:	:	:	:
Ceiling..	414	748	1,162	412	743	1,155	405	740	1,145

NATIONAL AGRICULTURAL STATISTICS SERVICE

CLASSIFICATION BY OBJECTS1992 and Estimated 1993 and 1994

	<u>1992</u>	<u>1993</u>	<u>1994</u>
<u>Personnel Compensation:</u>			
Headquarters	\$16,596,409	\$17,170,000	\$17,199,000
Field	<u>22,208,633</u>	<u>22,918,000</u>	<u>23,090,000</u>
11 Total personnel compensation	38,805,042	40,088,000	40,289,000
12 Personnel Benefits ...	8,631,056	8,879,000	8,919,000
13 Benefits for former personnel	<u>2,174</u>	<u>2,000</u>	<u>2,000</u>
Total Personnel Compensation & Benefits.....	<u>47,438,272</u>	<u>48,969,000</u>	<u>49,210,000</u>
<u>Other Objects:</u>			
21 Travel	1,519,682	1,504,000	1,542,000
22 Transportation of things	439,750	365,000	375,000
23.3 Communications, utilities and miscellaneous charges..	2,908,235	3,289,000	3,334,000
24 Printing and reproduction	469,047	605,000	620,000
25 Other services	25,233,959	23,269,000	24,277,000
26 Supplies and materials	1,071,781	1,168,000	1,198,000
31 Equipment	3,475,439	1,834,000	1,922,000
42 Insurance Claims and Indemnities	15,259	--	--
43 Interest and dividends	<u>628</u>	<u>1,000</u>	<u>1,000</u>
Total other objects	<u>35,133,780</u>	<u>32,035,000</u>	<u>33,269,000</u>
Total direct obligations .	<u>82,572,052</u>	<u>81,004,000</u>	<u>82,479,000</u>
<u>Position Data:</u>			
Average Salary, ES positions	\$102,211	\$105,489	\$105,489
Average Salary, GM/GS positions	\$37,218	\$38,608	\$38,598
Average Grade, GM/GS positions	9.6	9.6	9.6

NATIONAL AGRICULTURAL STATISTICS SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

NATIONAL AGRICULTURAL STATISTICS SERVICE:

For necessary expenses of the National Agricultural Statistics Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, [~~\$81,004,000~~] \$82,479,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

NATIONAL AGRICULTURAL STATISTICS SERVICE

Appropriations Act, 1993	\$81,004,000
Budget Request, 1994	<u>82,479,000</u>
Increase in Appropriation	+ <u>1,475,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Pay Costs</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Agricultural Estimates.....	\$77,415,000	\$1,049,000	+ \$350,000	\$78,814,000
Statistical Research and Service	<u>3,589,000</u>	<u>54,000</u>	+ <u>22,000</u>	<u>3,665,000</u>
Total Available	<u>81,004,000</u>	+ <u>1,103,000</u>	+ <u>372,000</u>	<u>82,479,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1992 Actual		1993 Estimated		Increase or Decrease	1994 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Agricultural Estimates	\$78,983,052	1,004	\$77,415,000	998	+\$ 1,399,000	\$78,814,000	994
2. Statistical Research and Service	3,589,000	42	3,589,000	42	+76,000	3,665,000	42
Unobligated balance ..	69,348	--	--	--	--	--	--
Total available or estimate	82,641,400	1,046	81,004,000	1,040	+ 1,475,000	82,479,000	1,036
Transfer from Departmental Administration	-40,400						
Total Appropriation ..	82,601,000						

EXPLANATION OF PROGRAM

The National Agricultural Statistics Service has two major activities, authorized by the Agricultural Marketing Act of 1946, as follows:

- Agricultural Estimates - This area includes the conducting of scientifically designed surveys; summarizing and analyzing survey data; developing estimates of production, supply, price, and other aspects of the agricultural economy; and issuing official USDA national, State and county estimates and reports relating to acreage, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, agricultural chemical use, and other subjects as required. Estimates are published in about 400 Federal reports each year. All information is made available to the public at scheduled release times, providing the basic, unbiased data necessary to maintain an orderly association between the consumption, supply, marketing, and input sectors of agriculture.
- Statistical Research and Service - Research is conducted to improve the statistical methods and techniques used in developing agricultural statistics. This research is directed toward better sampling, yield forecasting, and survey techniques. Consulting services in the areas of survey methodology, statistical methodology, and remote sensing technology are provided both gratis and on a reimbursable basis.

GAO Reports:

GAO/RCED-92-175, July 1992, "DATA COLLECTION: Opportunities to Improve USDA's Farm Costs and Returns Survey" (Final Report).

NASS is in general agreement with the findings of this report. All attainable recommendations are expected to be implemented during calendar year 1993.

GAO/IMTEC-92-11, January 1992, "FOOD SAFETY: USDA Data Program Not Supporting Critical Pesticide Decisions" (Final Report).

NASS' Pesticide Usage Surveys have been widely praised, and were singled out in this report as "proceeding on schedule and EPA and FDA officials have expressed satisfaction" with this portion of the Pesticide Data Program.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$1,399,000 for agricultural estimates consisting of:

- (a) An increase of \$833,000 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program. Examples of cost increases are travel, postal rates, supplies, equipment, maintenance, and ADP related costs.

- (b) An increase of \$1,049,000 for absorbed fiscal year 1993 pay costs.

- (c) A decrease of \$245,000 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996, and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, NASS will carefully monitor travel, training, supply purchases, printing and reproduction costs, and utility usage.

- (d) A decrease of \$200,000 which reflects the savings due to a staff-year reduction.

Need for Change. The decrease of \$200,000 is to support the President's program of reducing Federal full-time equivalent employment by 100,000 by FY 1997.

Nature of Change. These savings will be spread proportionally between the NASS State Statistical Offices and headquarters.

- (e) A decrease of \$38,000 for FTS 2000 funding.

This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

(2) An increase of \$76,000 for statistical research and service consisting of:

- (a) An increase of \$32,000 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program. Examples of cost increases are travel, postal rates, supplies, equipment, maintenance, and ADP related costs.

- (b) An increase of \$54,000 for absorbed fiscal year 1993 pay costs.

- (c) A decrease of \$10,000 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996, and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, NASS will carefully monitor travel, training, supply purchases, printing and reproduction costs, and utility usage.

NATIONAL AGRICULTURAL STATISTICS SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	<u>1992</u>		<u>1993</u>		<u>1994</u>	
	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>	<u>Amount</u>	<u>Staff Years</u>
Alabama.....	\$860,726	14	\$887,000	14	\$903,000	14
Alaska.....	138,746	2	139,000	2	142,000	2
Arizona.....	664,239	9	648,000	9	660,000	9
Arkansas.....	1,217,968	17	1,182,000	17	1,204,000	17
California.....	3,670,741	36	3,350,000	35	3,411,000	35
Colorado.....	1,237,088	20	1,413,000	20	1,439,000	21
Delaware.....	94,110	1	94,000	1	96,000	1
District of Columbia.....	32,233,183	375	30,933,000	373	31,493,000	370
Florida.....	1,438,794	19	1,347,000	18	1,372,000	18
Georgia.....	1,327,999	17	1,268,000	17	1,291,000	17
Hawaii.....	455,591	8	468,000	8	477,000	8
Idaho.....	1,102,518	15	1,172,000	15	1,193,000	15
Illinois.....	1,657,318	18	1,654,000	18	1,684,000	18
Indiana.....	1,132,958	16	1,242,000	16	1,265,000	16
Iowa.....	1,614,775	18	1,495,000	18	1,522,000	18
Kansas.....	1,412,105	17	1,438,000	17	1,464,000	17
Kentucky.....	972,351	15	1,010,000	15	1,028,000	15
Louisiana.....	982,218	14	1,017,000	14	1,036,000	14
Maryland.....	842,735	12	797,000	12	812,000	12
Michigan.....	1,521,741	20	1,430,000	20	1,456,000	20
Minnesota.....	1,676,948	18	1,572,000	18	1,601,000	18
Mississippi....	1,272,750	15	1,181,000	15	1,203,000	15
Missouri.....	1,307,509	17	1,340,000	17	1,364,000	17
Montana.....	747,033	12	793,000	12	807,000	12
Nebraska.....	1,413,385	19	1,534,000	19	1,562,000	19
Nevada.....	224,517	4	233,000	4	237,000	4
New Hampshire..	949,296	15	991,000	15	1,009,000	15
New Jersey.....	761,049	13	752,000	13	766,000	13
New Mexico.....	603,515	8	590,000	8	601,000	8
New York.....	1,370,328	17	1,346,000	17	1,371,000	17
North Carolina.	1,576,739	17	1,371,000	16	1,396,000	16
North Dakota...	970,542	16	1,054,000	16	1,073,000	16
Ohio.....	1,325,941	21	1,344,000	21	1,368,000	19
Oklahoma.....	1,022,540	15	1,075,000	15	1,095,000	15
Oregon.....	1,072,765	15	1,144,000	15	1,165,000	15
Pennsylvania...	1,009,038	16	1,033,000	16	1,052,000	16
South Carolina.	740,685	12	772,000	12	786,000	12
South Dakota...	1,010,087	16	1,062,000	16	1,081,000	16
Tennessee.....	1,008,775	14	987,000	14	1,005,000	14
Texas.....	2,703,632	28	2,467,000	27	2,512,000	27
Utah.....	537,642	9	575,000	9	585,000	9
Virginia.....	1,099,343	13	1,021,000	13	1,040,000	13
Washington.....	1,009,176	14	1,162,000	14	1,183,000	14
West Virginia..	507,533	8	522,000	8	532,000	8
Wisconsin.....	1,465,291	21	1,451,000	21	1,477,000	21
Wyoming.....	608,089	10	648,000	10	660,000	10
Subtotal, Available or Estimate.	<u>82,572,052</u>	<u>1,046</u>	<u>81,004,000</u>	<u>1,040</u>	<u>82,479,000</u>	<u>1,036</u>
Unobligated Balance.....	<u>69,348</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Available or estimate	<u>82,641,400</u>	<u>1,046</u>	<u>81,004,000</u>	<u>1,040</u>	<u>82,479,000</u>	<u>1,036</u>

PASSENGER MOTOR VEHICLES

The 1994 Budget Estimates propose the purchase of 1 additional motor vehicle and the replacement of 3 passenger motor vehicles.

The passenger motor vehicles of the National Agricultural Statistics Service are used (where common carrier or GSA vehicles are not feasible) for necessary field travel in carrying out the mission of the agency. All passenger motor vehicles are located at various field offices.

Additional passenger motor vehicle. The one additional passenger motor vehicle is for the NASS field offices. GSA has gradually closed many of its motor pool facilities making it more difficult for NASS personnel to obtain cars when needed. The use of common carrier is not feasible in carrying out the program of NASS.

Replacement of passenger motor vehicles. Replacement of 3 of the 11 vehicles now in operation is proposed. These 11 vehicles are located in 10 field locations and are necessary to meet the transportation requirements inherent in carrying out the agency's program. The vehicles proposed to be replaced will have passed the minimum replacement standards of 6 years of age or 60,000 miles prescribed by the General Services Administration.

Age and mileage data for motor vehicles on hand as of September 30, 1992, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1988 or older	6	55	80-100	0	0
1989	4	36	60-80	5	45
1990	0	0	40-60	3	27
1991	0	0	20-40	2	18
1992	<u>1</u>	<u>9</u>	Under 20	<u>1</u>	<u>9</u>
Total	11	100	Total	11	100 <u>a/</u>

a/ Column does not add because of rounding.

WORLD AGRICULTURAL OUTLOOK BOARD

Purpose Statement

The World Agricultural Outlook Board (WAOB) was created by the Secretary of Agriculture on June 3, 1977, under the authority of the Reorganization Plan No. 2 of 1953. The WAOB serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture, and is responsible for coordination and clearance review of all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The WAOB's primary objective is to improve the consistency, objectivity and reliability of outlook and situation material developed in the Department.

WAOB functions include: information dissemination; market surveillance; coordination of assessments of international and domestic agricultural developments; improvement of forecasting techniques; and coordination of weather, climate and remote sensing activities.

The WAOB is located in Washington, D.C. As of September 30, 1992, there were 29 full-time employees and 1 part-time employee. Budget, personnel, administrative and general managerial support are provided by the Economics Management Staff.

WORLD AGRICULTURAL OUTLOOK BOARD

Available Funds and Staff-Years1992 Actual and Estimated 1993 and 1994

Item	1992		1993		1994	
	Actual	Staff-	Estimated	Staff-	Estimated	Staff-
	Amount	Years	Amount	Years	Amount	Years
World Agricultural Outlook Board.....	\$2,452,000	30	\$2,537,000	35	\$2,582,000	35
<u>Obligations under Other USDA:</u>						
<u>appropriations:</u>						
Economic Research Service:						
for Annual Outlook						
Conference.....	32,292	--	32,300	--	32,300	--
Extension Service for						
Annual Outlook Conf.....	21,528	--	21,500	--	21,500	--
Foreign Agricultural						
Service for Annual						
Outlook Conference.....	10,764	--	10,800	--	10,800	--
Total, Other USDA						
Appropriations.....	64,584	--	64,600	--	64,600	--
Total, Agriculture						
Appropriations.....	2,516,584	30	2,601,600	35	2,646,600	35
Total, World Agricultural						
Outlook Board.....	2,516,584	30	2,601,600	35	2,646,600	35

WORLD AGRICULTURAL OUTLOOK BOARD

Permanent Positions by Grade and Staff-Year Summary

1992 and Estimated 1993 and 1994

Grade	1992 Headquarters	1993 Headquarters	1994 Headquarters
ES-5.....	1	1	1
ES-4.....	1	1	1
Senior Level.....	1	1	1
GS/GM-15.....	9	9	9
GS/GM-14.....	3	3	3
GS/GM-13.....	1	3	3
GS-12.....	4	5	5
GS-11.....	1	1	1
GS-10.....	1	1	1
GS-9.....	1	3	3
GS-7.....	4	5	5
GS-6.....	1	1	1
GS-5.....	1	1	1
Total Permanent Positions.....	29	35	35
Unfilled Position end-of-year.....	--	-4	-4
Total, Permanent Employment, end-of-year.....	29	31	31
Staff-Years.....	30	35	35
Total.....	30	35	35

WORLD AGRICULTURAL OUTLOOK BOARD

CLASSIFICATION BY OBJECTS1992 and Estimated 1993 and 1994

	<u>1992</u>	<u>1993</u>	<u>1994</u>
Personnel Compensation:			
Headquarters.....	\$1,623,582	\$1,742,000	\$1,781,000
Field.....	<u>--</u>	<u>--</u>	<u>--</u>
11 Total personnel compensation.....	1,623,582	1,742,000	1,781,000
12 Personnel benefits.....	<u>251,876</u>	<u>265,000</u>	<u>271,000</u>
Total pers. comp. & benefits.....	1,875,458	2,007,000	2,052,000
Other Objects:			
21 Travel.....	47,663	50,000	42,000
22 Transportation of things.....	1,380	1,000	1,000
23.3 Communications, utilities, and misc. charges.....	69,277	69,000	72,000
24 Printing and reproduction.....	30,440	30,000	32,000
25 Other services.....	270,752	253,000	263,000
26 Supplies and materials.....	57,607	52,000	55,000
31 Equipment.....	86,411	75,000	65,000
43 Interest and dividends.	<u>132</u>	<u>--</u>	<u>--</u>
Total other objects.....	<u>563,662</u>	<u>530,000</u>	<u>530,000</u>
Total direct obligations...	<u>2,439,120</u>	<u>2,537,000</u>	<u>2,582,000</u>
Position Data:			
Average Salary, ES positions.....	\$106,000	\$109,550	\$109,550
Average Salary, GM/GS positions.....	\$33,623	\$40,349	\$42,224
Average Grade, GM/GS positions.....	11.1	11.7	11.9

WORLD AGRICULTURAL OUTLOOK BOARD

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

World Agricultural Outlook Board:

For necessary expenses of the World Agricultural Outlook Board to coordinate and review all commodity and aggregate agricultural and food data used to develop outlook and situation material within the Department of Agriculture, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1622g), [2,367,000] \$2,582,000: Provided, That this appropriation shall be made available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) -

WORLD AGRICULTURAL OUTLOOK BOARD

SALARIES AND EXPENSES

Appropriation Act, 1993	\$2,367,000
Budget Estimate, 1994	<u>2,582,000</u>
Increase in Appropriation	<u>+215,000</u>

Adjustments in 1993:

Appropriation Act, 1993	\$2,367,000	
Office of the Secretary Transfer a/	<u>+170,000</u>	
Adjusted base for 1993		2,537,000
Budget Estimate, Current Law 1994		<u>2,582,000</u>
Increase over adjusted 1993		<u>+45,000</u>

a/ The transfer from the Office of the Secretary is for the Estimates Automation and Evaluation program. On a comparable basis the cost is \$170,000 for FY 1993 and \$170,000 for FY 1994.

Summary of Increase and Decreases
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Annualization of FY 1993				
Pay Raise.....	--	+\$45,000	--	+\$45,000
Non pay inflation.....	--	--	+\$14,000	+14,000
Administrative overhead reduction.....	--	--	-14,000	-14,000
All Other.....	<u>\$2,537,000</u>	<u>--</u>	<u>--</u>	<u>2,537,000</u>
Total Available.....	<u>2,537,000</u>	<u>+45,000</u>	<u>--</u>	<u>2,582,000</u>

Project Statement
(On basis of adjusted appropriation)

Project	: 1992	:	: 1993	:	:	: 1994	:
	: Actual	:	: Estimated	:	: Increase	: Estimated	:
	: Amount	: Staff-	: Amount	: Staff-	:	: Amount	: Staff-
		: Years		: Years			: Years
Commodity and	:	:	:	:	:	:	:
Aggregate and	:	:	:	:	:	:	:
Agricultural	:	:	:	:	:	:	:
and Food Out-	:	:	:	:	:	:	:
look Situation.	: \$2,439,120	: 30	: \$2,537,000	: 35	: +\$45,000	: \$2,582,000	: 35
Unobligated	:	:	:	:	:	:	:
balance.....	: 12,880	:	: --	:	: --	: --	:
Total Available:	:	:	:	:	:	:	:
or estimate...	: 2,452,000	: 30	: 2,537,000	: 35	: +45,000	: 2,582,000	: 35
Transfer from	:	:	:	:	:	:	:
Secretary's	:	:	:	:	:	:	:
Office.....	: -85,000	: -1	: -170,000	: -2	: --	: --	: --
Total	:	:	:	:	:	:	:
appropriation.	: 2,367,000	: 29	: 2,367,000	: 33	:	:	:

WORLD AGRICULTURAL OUTLOOK BOARD

EXPLANATION OF PROGRAM

The World Agricultural Outlook Board (WAOB) coordinates and reviews for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the U.S. Department of Agriculture. The WAOB provides a focal point for the Nation's economic intelligence relative to domestic and international food and agriculture, with two primary objectives: improving the consistency, objectivity, and reliability of outlook and situation material being disseminated to the public; and integrating and coordinating USDA domestic and international economic information assistance. In a cooperative effort with the National Oceanic and Atmospheric Administration, the WAOB operates the Joint Agricultural Weather Facility which provides a daily review of significant weather developments around the world and their implications for agriculture. The WAOB's functions include market surveillance; coordination of assessments of international and domestic agricultural developments; weather, climate and remote sensing coordination; and forecasting techniques and information dissemination.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$45,000 for Commodity and Aggregate Agricultural and Food Outlook and Situation consisting of:

- (a) An increase of \$45,000 for absorbed fiscal year 1993 pay costs.
- (b) An increase of \$14,000 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our program.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program.

- (c) A decrease of \$14,000 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order. Total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, WAOB will carefully monitor travel, training, supply purchases, printing and reproduction costs, utility usage, and curtail its agreements with other Federal agencies.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	1992		1993		1994	
	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>	<u>Amount</u>	<u>Staff-Years</u>
District of Columbia	\$2,439,120	30	\$2,537,000	35	\$2,582,000	35
Unobligated Balance	12,880	--	--	--	--	--
Total Available or Estimate.....	<u>2,452,000</u>	<u>30</u>	<u>2,537,000</u>	<u>35</u>	<u>2,582,000</u>	<u>35</u>

FARM SERVICE AGENCY

Purpose Statement

The 1994 budget includes a new Farm Service Agency (FSA) created from the USDA programs and staffs serving farmers through county offices. For budget presentation purposes, the agencies that would be consolidated include the Agricultural Stabilization and Conservation Service (ASCS), the Soil Conservation Service (SCS), and the Farmers Home Administration (FmHA). However, planning for the FSA is currently underway and may ultimately change this structure. The ASCS responsibilities for the commodity price and income support programs funded by the Commodity Credit Corporation (CCC) would be administered by the FSA. The proposed FSA would have a consolidated and streamlined field structure resulting in improved service to farmers and savings to the taxpayer.

The FSA will administer farm and housing programs, as well as a variety of commodity and land-use programs aimed at supporting farm prices, adjusting farm production, conserving natural resources, and protecting the environment at the local level. FSA will provide technical assistance in cooperation with soil conservation districts to land users, communities, watershed groups, Federal and State agencies, and other cooperators with erosion control and water management problems.

In FY 1994 the FSA will have 28,181 Federal staff-years and 13,988 county office (non-Federal) staff-years.

FARM SERVICE AGENCY

Available Funds and Staff Years
1992 Actual and Estimated 1993 and 1994

Item	1992 Actual		1993 Estimated		1994 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Salaries & Expenses, FSA	--	--	--	--	\$1,594,148,000	15,818
Salaries & Expenses, ASCS	\$719,191,000	3,003	\$712,714,000	2,992	-- *	--
Credit Reform Transfers:						
P.L. 480 Program Account	573,000	10	1,036,000	18	1,057,000	17
CCC Export Loans Program Account	589,000	11	589,000	11	601,000	9
Total, Credit Reform Transfers	1,162,000	21	1,625,000	29	1,658,000	26
Total, Salaries and Expenses, ASCS	720,353,000	3,024	714,339,000	3,021	--	--
Salaries & Expenses, FmHA	29,232,830	396	24,190,000	450	-- *	--
Credit Reform Transfers:						
ACIF Program Account	230,179,000	3,870	215,712,000	3,982	264,432,000	4,737
RHIF Program Account	427,111,000	7,285	404,746,000	7,471	353,634,000	6,269
RDIF Program Account	13,286,000	691	35,539,000	532	27,560,000	391
RDLF Program Account	689,000	9	--	--	--	--
SHHLDF Program Account	21,000	--	21,000	--	14,000	--
Total, Credit Reform Transfers	671,286,000	11,855	656,018,000	11,985	645,640,000	11,397
Total, Salaries and Expenses, FmHA	700,518,830	12,251	680,208,000	12,435	--	--
Conservation Operations	564,250,768	9,911	576,517,200	10,149	-- *	--
River Basin Surveys & Investigations	13,251,000	200	13,251,000	198	-- *	--
Watershed Planning	9,545,000	156	9,545,000	155	-- *	--
Watershed & Flood Prevention Operations	255,266,000	1,429	287,227,000	1,481	149,953,000 *	--
Great Plain Conservation Program	25,271,000	172	25,271,000	167	16,307,000 *	--
Resource Conservation & Development	32,516,000	490	32,516,000	435	5,828,000 *	--
Agricultural Conservation Program	194,435,000	257	194,435,000	261	150,400,000 *	--
Colorado River Basin Salinity Control Program	14,783,000	131	13,783,000	129	8,499,000 *	--
Conservation Reserve Program	1,611,277,000	268	1,578,517,000	218	1,755,541,000 *	--
Dairy Indemnity Program	5,000	--	5,000	--	5,000	--
Forestry Incentives Program	12,446,000	--	12,446,000	--	11,504,000 *	--
Water Bank Program	18,620,000	34	18,620,000	12	17,130,000 *	--
Wetlands Reserve Program	46,357,000	--	--	118	370,260,000 *	--
Emergency Conservation Program	22,500,000	21	13,500,000	12	2,760,000 *	--
ACIF Program Account:						
Subsidy	366,982,000	--	245,521,000	--	252,220,000	--
Admin. expense, non-recoverable loan costs	--	--	14,467,000	--	14,412,000	--
RHIF Program Account:						
Subsidy	591,825,000	--	663,078,000	--	750,674,000	--
Admin. expense, non-recoverable loan costs	--	--	22,265,000	--	22,180,000	--
Agricultural Resource Conservation Demo:						
Subsidy	3,617,000	--	3,644,000	--	3,644,000	--
Self-Help Housing Land Development Fund:						
Subsidy	43,000	--	22,000	--	23,000	--
Supervisory & Technical Assistance Grants	2,500,000	--	2,500,000	--	2,568,000	--
State Mediation Grants	3,750,000	--	3,000,000	--	3,000,000	--
Farm Outreach & Assistance Grants	--	--	--	--	10,000,000	--
Rental Assistance Program	319,900,000	--	337,699,000	--	421,817,000	--
Rural Housing for Domestic Farm Labor	21,500,000	--	11,000,000	--	11,297,000	--
Mutual and Self-Help Housing Grants	8,750,000	--	12,750,000	--	13,094,000	--
Very Low Income Housing Repair Grants	22,500,000	--	18,135,000	--	29,838,000	--
Compensation for Construction Defects	500,000	--	500,000	--	514,000	--
Rural Housing Preservation Grants	23,000,000	--	23,000,000	--	23,621,000	--
Total	5,606,261,598	28,344	5,527,761,200	28,791	6,288,535,000	27,241
Deduct allotments to other agencies:						
Forest Service	-4,232,796	-50	-4,595,000	-57	-4,456,000	-57
Net	5,602,028,802	28,294	5,523,166,200	28,734	6,284,079,000	27,184

Item	1992 Actual		1993 Estimated		1994 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Obligations under other USDA appropriations:						
Warehouse Inspection	44,949,208	282	51,019,000	281	54,369,000	272
Foreign details & assignments	684,884	10	1,052,000	15	1,052,000	15
Soil surveys (FS)	239,411	7	246,000	7	246,000	7
Accelerated soil surveys	453,711	10	470,000	10	470,000	10
Snow surveys & water forecasting	7,000	--	8,000	--	8,000	--
Other—planning & application	389,746	4	401,000	4	401,000	4
Hazardous waste management	4,281,365	--	1,300,000	--	2,683,000	--
Facilities: rent, phone, utilities, etc.	5,901,960	--	6,074,000	--	6,076,000	--
Proceeds of sales	196,415	--	189,000	--	189,000	--
Miscellaneous	2,077,519	23	2,170,000	23	9,139,678	178
Total, Other USDA Appropriations	59,181,219	336	62,929,000	340	74,633,678	486
Total, Agricultural Appropriations	5,661,210,021	28,630	5,586,095,200	29,074	6,358,712,678	27,670
Obligations under other Federal appropriations:						
Appalachia Regional Development Admin.	12,090,520	2	10,092,000	2	10,093,000	2
Soil Surveys (Interior)	941,480	18	970,000	19	970,000	19
Accelerated soil surveys	819,998	12	829,000	13	829,000	13
Snow surveys & water forecasting	31,357	1	33,000	1	33,000	1
Other—planning & application	3,211,146	53	3,265,000	53	3,265,000	53
Plant material center operations	96,963	1	102,000	1	102,000	1
Cooperative surveys (RB)	55,000	1	60,000	1	60,000	1
Flood insurance studies (HUD)	170,831	4	250,000	4	250,000	4
Facilities: rent, phone, utilities, etc.	32,559	--	54,000	--	54,000	--
Proceeds of sales	66,012	--	99,000	--	99,000	--
Financial assistance	2,479,899	--	1,085,000	--	2,486,000	--
Miscellaneous	4,725,189	74	5,987,000	69	4,138,000	50
Rural Abandoned Mine Program (DOI—OSM) ..	11,854,914	85	13,390,250	85	12,983,000	85
Total, Other Federal Funds	36,575,868	251	36,216,250	248	35,362,000	229
Obligations under non—Federal funds:						
Accelerated soil surveys	3,060,416	61	3,385,000	68	3,385,000	68
Snow surveys & water forecasting	78,535	--	84,000	--	84,000	--
Other—planning & application	2,340,299	57	2,428,000	56	2,428,000	56
Plant material center operations	205,615	--	216,000	--	216,000	--
Watershed planning	88,500	2	95,000	2	95,000	2
Abandon mine reclamation	3,889	--	5,000	--	5,000	--
Facilities: rent, phone, utilities, etc.	1,227,428	--	1,259,000	--	1,259,000	--
Proceeds of sales	565,561	--	587,000	--	587,000	--
Financial assistance	10,496,690	--	7,405,000	--	6,624,000	--
Miscellaneous	21,565,265	128	44,682,000	120	26,706,000	148
Trust Funds	1,813,803	9	560,000	9	501,000	8
Total, Non—Federal Funds	41,446,001	257	60,706,000	255	41,890,000	282
Total, Farm Service Agency	5,739,231,890	29,138	5,683,017,450	29,577	6,435,964,678	28,181

Note: Staff—years shown do not include staff—years for ASCS county and community committee persons and employees of ASCS county committees who are not Federal employees.

ASCS county employee staff—years are as follows:

FY 1992 — 15,320
FY 1993 — 15,476
FY 1994 — 13,988

* All salaries and expenses previously appropriated to these accounts are now requested in the FSA Salaries and Expenses account. Amounts remaining in these accounts reflect financial and cost—share assistance only.

FARM SERVICE AGENCY

Permanent Positions by Grade and Staff Year Summary1992 Actual and Estimated 1993 and 1994

Grade	1992			1993			1994		
	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
Executive Level V	1	0	1	1	0	1	1	0	1
ES-6	4	0	4	4	0	4	4	0	4
ES-5	11	1	12	11	1	12	11	1	12
ES-4	20	3	23	20	3	23	20	3	23
ES-3	5	2	7	5	2	7	5	2	7
ES-2	2	0	2	4	0	4	3	0	3
ES-1	5	1	6	6	2	8	5	2	7
GS/GM-15	148	155	303	147	157	304	138	150	288
GS/GM-14	271	252	523	281	243	524	265	226	491
GS/GM-13	436	1,440	1,876	449	1,430	1,879	432	1,378	1,810
GS-12	228	4,432	4,660	241	4,371	4,612	234	4,120	4,354
GS-11	114	5,152	5,266	120	5,058	5,178	115	4,762	4,877
GS-10	9	61	70	9	60	69	9	57	66
GS-9	85	3,537	3,622	85	3,492	3,577	82	3,288	3,370
GS-8	19	587	606	19	578	597	19	544	563
GS-7	138	2,912	3,050	139	2,870	3,009	135	2,703	2,838
GS-6	127	2,465	2,592	128	2,445	2,573	123	2,204	2,327
GS-5	81	2,939	3,020	83	2,921	3,004	80	2,753	2,833
GS-4	54	1,510	1,564	56	1,500	1,556	55	1,514	1,569
GS-3	8	191	199	8	189	197	8	168	176
GS-2	2	29	31	2	28	30	2	37	39
GS-1	0	8	8	0	8	8	0	8	8
Other Graded Positions	9	0	9	9	0	9	8	0	8
Ungraded Positions	10	94	104	10	94	104	10	86	96
Total Permanent Positions	1,787	25,771	27,558	1,837	25,452	27,289	1,764	24,006	25,770
Unfilled Positions: End-of-Year	-10	-708	-718	--	--	--	--	--	--
Total Permanent Employment, EOY	1,777	25,063	26,840	1,837	25,452	27,289	1,764	24,006	25,770
Ceiling Staff Years	1,891	27,247	29,138	1,918	27,659	29,577	1,840	26,341	28,181

FARM SERVICE AGENCY**SALARIES AND EXPENSES**

There is hereby appropriated to the "Farm Service Agency" to carry out the functions of the Agricultural Stabilization and Conservation Service, The Farmers Home Administration, and the Soil Conservation Service, \$2,241,453,000, of which \$1,594,148,000 is hereby appropriated, and of which the following amounts for administrative expenses of credit programs made available in this Act are transferred from the identified accounts and merged under this head: \$601,000 from the Commodity Credit Corporation Export Loan Program Account, \$1,057,000 from the Public Law 480 Program Account, \$264,432,000 from the Agricultural Credit Insurance Fund Program Account, \$353,634,000 from the Rural Housing Insurance Fund Program Account, \$27,560,000 from the Rural Development Insurance Fund Program Account, \$21,000 from the Self-Help Housing Land Development Fund Program Account: Provided, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$1,000,000 shall be available for employment under 5 U.S.C. 3109.

This change establishes a new salaries and expenses appropriation account for the Farm Service Agency. (FSA) created from the merger of the Agricultural Stabilization and Conservation Service, the Farmers Home Administration and the Soil Conservation Service. Funds are included for administrative expenses previously funded through the Commodity Credit Corporation.

FARM SERVICE AGENCY
SALARIES AND EXPENSES

	<u>Appropriation</u>	<u>Program Resources</u>	<u>Total</u>
Appropriations Act, 1993	—	—	—
Budget Estimate, 1994	\$1,594,148,000	\$647,298,000	\$2,241,446,000
Increase in Appropriation	<u>1,594,148,000</u>	<u>647,298,000</u>	<u>2,241,446,000</u>

Adjustments in 1993:

Appropriations Act, 1993:		
ASCS Salaries & Expenses	\$714,551,000	
Technical Assistance from		
ASCS Conservation Accounts	26,162,000	
FmHA Salaries & Expenses	680,420,000	
SCS:		
Conservation Operations	576,539,000	
River Basin Surveys &		
Investigations	13,251,000	
Watershed Planning	9,545,000	
Watershed & Flood		
Prevention Operations	80,353,000	
Great Plains Conservation	8,904,000	
Resource Conservation &		
Development	26,841,000	
Transfer to OSEC a /	-636,000	
Transfer from Space Rental b/	190,200	
Transfer from CCC c /	<u>88,581,000</u>	
Adjusted base for 1993		2,224,701,200
Budget Estimate, 1994		<u>2,241,446,000</u>
Increase over adjusted 1993		<u>16,744,800</u>

a/ Reflects transfer of \$636 thousand to Office of the Secretary.

b/ Reflects transfer of \$190.2 thousand from the GSA space rental account.

c/ Reflects administrative equipment purchases and other related ADP costs which had been funded by the Commodity Credit Corporation.

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1993</u> <u>Estimated</u>	<u>Pay Costs</u>	<u>Other Changes</u>	<u>1994</u> <u>Estimated</u>
Salaries and Expenses ..	\$1,567,058,200	\$19,077,800	\$8,012,000	\$1,594,148,000
Program Accounts:				
P.L. 480	1,036,000	23,000	-2,000	1,057,000
Export Credit	589,000	12,000	—	601,000
ACIF	215,712,000	3,385,000	45,335,000	264,432,000
RHIF	404,746,000	6,351,000	-57,463,000	353,634,000
RDIF	35,539,000	558,000	-8,537,000	27,560,000
SHHLDF	21,000	1,000	-8,000	14,000
Subtotal	<u>2,224,701,200</u>	<u>29,407,800</u>	<u>-12,663,000</u>	<u>2,241,446,000</u>
Transfers from program				
accounts	-657,643,000	-10,330,000	20,675,000	-647,298,000
Appropriation	<u>1,567,058,200</u>	<u>19,077,800</u>	<u>8,012,000</u>	<u>1,594,148,000</u>

PROJECT STATEMENT
 (On basis of adjusted appropriation)
 (Dollars in Thousands)

Project	1992 Actual		1993 Estimated		Increase or Decrease	1994 Estimated	
	Amount	Staff Years	Amount	Staff Years		Amount	Staff Years
Farm Service Agency	--	--	--	--	\$1,594,148	\$1,594,148	15,818
ASCS Salaries & Expenses ..	\$814,019	3,003	\$827,457	2,992	-827,457	--	--
Transfer from:							
P.L. 480 program acct.	573	10	1,036	18	21	1,057	17
CCC Export Guarantees account	589	11	589	11	12	601	9
FmHA Salaries & Expenses ..	29,232	396	24,190	450	-24,190	--	--
Transfer from:							
ACIF program account ...	230,179	3,870	215,712	3,982	48,720	264,432	4,737
RHIF program account ...	427,111	7,285	404,746	7,471	-51,112	353,634	6,269
RDIF program account ...	13,286	691	35,539	532	-7,979	27,560	391
RDLF program account ...	689	9	--	--	--	--	--
SHHLDF program acct. ...	21	--	21	--	-7	14	--
SCS:							
Conservation Operations ...	564,251	9,911	576,517	10,149	-576,517	--	--
River Basin Surveys & Investigations	13,251	200	13,251	198	-13,251	--	--
Watershed Planning	9,545	156	9,545	155	-9,545	--	--
Watershed & Flood Prevention Operations ...	88,353	1,429	80,353	1,481	-80,353	--	--
Great Plains Conservation	7,742	172	8,904	167	-8,904	--	--
Resource Conservation & Development	25,989	490	26,841	435	-26,841	--	--
Total available or estimate ..	2,224,830	27,633	2,224,701	28,041	16,745	2,241,446	27,241
Less transfers from program accounts	-672,448	-11,876	-657,643	-12,014	10,345	-647,298	-11,423
ADP formerly paid from CCC	-60,251	--	-88,581	--	88,581	--	--
Technical assistance formerly paid from ASCS							
conservation cost sharing	-34,577		-26,162		26,162	--	--
Transfer from space rental ..		--	-190	--	190	--	--
Transfer to OSEC	294	--	636	--	-636	--	--
Total, Appropriation	1,457,848	15,757	1,452,761	16,027	141,387	1,594,148	15,818

JUSTIFICATION OF INCREASES AND DECREASES

A net increase of \$16,745,000 composed of:

(a) An increase of \$29,407,800 which reflects the annualization of the fiscal year 1993 pay raise.

(b) An increase of \$28,915,000 for increases in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program.

(c) An increase of \$34,025,000 for technical assistance.

Need for Change. The Farm Service Agency will continue to provide technical assistance to agricultural producers to help ensure compliance with the conservation provisions of the Food Security Act of 1985 and the Food, Agriculture, Conservation and Trade Act of 1990 (FACT).

Nature of Change. The additional \$34,025,000 would be used to support the 1990 FACT Act target of enrolling one million acres into the Wetland Reserve Program by the end of FY1995, and to support the one million acre Conservation Reserve Program signup expected in FY1994.

(d) A decrease of \$13,723,000 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993, adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, the FSA will carefully monitor travel, training, supply purchases, printing and reproduction costs and utility usage.

(e) A decrease of \$779,000 for FTS 2000 funding. This decrease reflects lower long distance telecommunications process due to price redeterminations in the FTS 2000 contracts.

(f) A decrease of \$61,100,000 which reflects the consolidation of the Farmers Home Administration, the Agricultural Stabilization and Conservation Service and the Soil Conservation Service into the Farm Service Agency.

Need for Change. This reorganization is intended to provide USDA farm programs more economically and efficiently to rural farmers and residents while saving federal funds by streamlining the current field office structure of these three agencies.

Need of Change. The current field office structure of these three agencies will be reduced from the current approximately 12,000 offices to a number which will serve rural communities without the redundant paperwork inherent in a three-agency delivery system.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses [(Including Transfers of Funds)]

[For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); the Agricultural Act of 1949, as amended (7 U.S.C. 1421 et seq.); sections 7 to 15, 16(a), 16(f) and 17 of the Soil Conservation and Domestic Allotment Act, as amended (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q); sections 1001 to 1004, 1006 to 1008, and 1010 of the Agricultural Act of 1970, as amended (16 U.S.C. 1501 to 1504, 1506 to 1508, and 1510); the Water Bank Act, as amended (16 U.S.C. 1301-1311); the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101); sections 202(c) and 205 of title II of the Colorado River Basin Salinity Control Act of 1974, as amended (43 U.S.C. 1592(c), 1595); sections 401, 402, and 404 to 406 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 to 2205); the United States Warehouse Act, as amended (7 U.S.C. 241-273); title XII of the Food Security Act of 1985, as amended (16 U.S.C. 3811 et seq.); and laws pertaining to the Commodity Credit Corporation, \$714,551,000; of which \$712,926,000 is hereby appropriated, and \$1,036,000 is transferred from the Public Law 480 Program Account in this Act and \$589,000 is transferred from the Commodity Credit Corporation Program Account in this Act: Provided, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this account: Provided further, That these funds shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That no part of the funds made available under this Act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.]

This change in language reflects the creation of the Farm Service Agency beginning in fiscal year 1994.

**AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES**

PROJECT STATEMENT
(On basis of appropriation and program account transfers)
(Dollars in Thousands)

	1992 Actual		1993 Estimated		Increase or Decrease	1994 Estimated 1/	
	Amount	Staff— Years	Amount	Staff— Years		Amount	Staff— Years
1. Program formulation and appraisal.....	\$28,815	113	\$29,625	110			
2. Operation of supply adjustment, conservation and price support programs.....	669,765	2,636	688,585	2,569			
3. Inventory management and merchandising.....	80,216	316	82,471	308			
4. Warehouse examination.....	251	5	196	5			
Total available or estimate....	779,047	3,070	800,877	2,992			
Transfer from CCC for ADP costs.....	-60,251	-0-	-88,581	-0-			
Transfer to FAS for operation of CCC computer facility...	+395	-0-	+418	-0-			
Transfer to OSEC.....	+98	-0-	+212	-0-			
Total, Appropriation.....	719,289	3,070	712,926	2,992			

1/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

EXPLANATION OF PROGRAM

The account "Salaries and Expenses, Agricultural Stabilization and Conservation Service" funds the administrative expenses of program administration and other functions assigned to ASCS. The Budget for Salaries and Expenses, ASCS, reflects funding provided by direct appropriations. Funds made available to ASCS by other agencies for services associated with various programs are also advanced to and merged with this account including the transfer of funds for Credit Reform administrative expenses from other accounts. All administrative funds used by ASCS are consolidated into one account, which provides clarity and better management and control of funds. The consolidation facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts. The activities carried out under this account are as follows:

1. Program formulation and appraisal. The supply adjustment, conservation, and commodity support programs have a major impact on the national and, to a lesser extent, the international economy. This activity provides for the development and constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.
 2. Operation of supply adjustment, conservation, and price support programs. This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases, and yields; (e) notifying producers of established allotments, bases, and yields; (f) determining farm marketing quotas; (g) handling appeals; (h) conducting referendums and certifying results; (i) accepting farmer certifications and checking compliance; (j) accepting producer applications for participation in commodity price stabilizing programs; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing and issuing conservation reserve rental payments; (m) producer signups and entering into easement agreements for the Wetlands Reserve Program; (n) processing commodity, storage facility, and grain reserve loans and repayments and issuing checks; (o) processing disaster and deficiency payments and issuing checks and commodity certificates; and (p) certifying payment eligibility and monitoring payment limitations.
 3. Inventory management and merchandising. This activity includes: (a) overall management of CCC-owned commodities; (b) purchasing commodities; (c) donating commodities; (d) selling commodities (e) processing the redemption of commodity certificates for CCC inventory; and, (f) accounting for loans and commodities.
- The foregoing activities serve as administrative support for the following missions of the Department as described previously under Foreign Assistance Programs, Agricultural Stabilization and Conservation Service, and Commodity Credit Corporation, respectively:

- o Agricultural exports
- o Environmental improvement and resource development and use
- o Farm income

4. Warehouse Examination. This activity provides for the examination of warehouses licensed under the U.S. Warehouse Act and non-licensed warehouses storing CCC-owned or pledged commodities. ASCS examiners perform periodic examinations of the facilities and the warehouse records to ensure protection of depositors against potential losses of the stored commodities and to ensure compliance with the U.S. Warehouse Act and any CCC storage agreements.

The following tabulation shows totals in this account for administrative expenses:

Project	1992 Actual	1993 Estimated	1994 Estimated 1/
The obligations are distributed by activities as follows:			
1. Program formulation and appraisal.....	\$30,906,000	\$32,787,000	
2. Operation of supply adjustment, conservation, & price support programs.....	718,363,000	762,085,000	
3. Inventory management and merchandising.....	86,037,000	91,274,000	
4. Warehouse examination.....	7,845,000	8,630,000	
Total.....	\$843,151,000	\$894,776,000	
Obligations under direct appropriation.....	719,289,000	712,926,000	
Obligations under funds from other sources and consolidated with this account.....	123,862,000	181,850,000	
Total.....	843,151,000	894,776,000	

1/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

HOW ESTIMATES ARE MADE

Following is a brief description of the process for estimating requirements for Salaries and Expenses, ASCS:

County Offices. A work measurement study is made in approximately 160 counties to determine actual time required to complete units of work by category. Time and units reported by these work measurement counties are used to establish coefficients. Coefficients are then applied to units of work reported by all 2,646 headquarter counties for each category of work in each major program or function. Unmeasured work reflects other activities, less subject to this work measurement technique, which are recorded on an actual workday basis. This determines the normal work—days required for the workload involved in each fiscal year. The workload for each major program or function is shown in Table I and reflects changing program requirements.

The actual obligations for 1992, divided by the actual work—years, determined the average work—year cost for 1992. This cost was revised for 1993 and 1994 to reflect related pay adjustments and for changing workload and personnel requirements.

State, Field, and National Office Costs. Requirements for these offices are determined on the basis of past experience and program workload requirements. Table II reflects volume by major activity for field and national offices.

**COMPUTATIONS FOR DEVELOPING
COUNTY OFFICE AND TOTAL COSTS**

The computations below include all funds (CCC transfers, appropriated funds, user fees, other advances and reimbursements) available to Salaries and Expenses, ASCS:

Fiscal Year 1992

Normal work—days (Table 1).....	3,983,253
Work—years for workload programs.....a/	15,320
Obligations for workload programs (county offices).....a/	\$579,111,000
Obligations for other offices.....	\$264,040,000
Total obligations, fiscal year 1992.....	\$843,151,000

Fiscal Year 1993

Normal work—days (Table 1).....	4,023,787
Work—years for workload programs.....a/	15,476
Obligations for workload programs (county offices).....a/	\$587,090,000
Obligations for other offices.....b/	\$307,686,000
Total obligations, fiscal year 1993.....	\$894,776,000

Fiscal Year 1994 c/

a/ The following work—years and funds are included for reimbursable county office workload associated with the Federal Crop Insurance Act of 1980.

	FY 1992		FY 1993		FY 1994 c/	
	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>	<u>Work—years</u>	<u>Dollars</u>
FCIC.....	175	\$5,125,000	178	\$6,206,000		

b/ Includes an estimate of \$5,679,000 for reimbursable workload in Federal offices associated with the sale and service of crop insurance policies sold by ASCS. This estimate is based on sale and service of \$25 million in premium at a reimbursement rate of 25.7 percent of premium collected.

c/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

TABLE 1

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE
SALARIES AND EXPENSES, ASCS

Normal Work – Days by Program/Function
FY 1992 Actual, FY 1993 Estimated and FY 1994 Projected

Program/Function	FISCAL YEAR		
	1992 Actual	1993 Estimated	1994 Projected 1/
Conservation and Related Programs.....	356,212	388,477	
Wool and Mohair.....	21,170	21,170	
Loan Activity.....	198,501	300,416	
Compliance.....	696,281	713,633	
Yield and Base Establishment.....	201,105	181,400	
Commodity Program Payments...	602,294	533,015	
Basic Farm Records.....	501,824	498,100	
Peanut Quotas and Marketings....	22,011	22,011	
Tobacco Allotment and Marketings.....	65,740	65,740	
Referenda.....	2,985	130	
Administration.....	883,772	872,771	
Committee Elections.....	36,122	36,122	
Miscellaneous.....	163,900	149,865	
State and County Office Automation Project.....	15,569	15,569	
Adjustment for transition to one Farm Service Agency.....	0	0	
Subtotal.....	3,767,486	3,798,419	
Measurement Services.....	170,141	179,016	
FCIC and Reinsured Companies..	45,626	46,352	
Total.....	3,983,253	4,023,787	
County Staff Year Equivalent of Normal Workdays.....	15,320	15,476	

1/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

TABLE II

COMMODITY CREDIT CORPORATION
Summary of Major Program Volume by Commodity
(In thousands)

Item and Commodity	Units	FY 1992 Actual	FY 1993 Estimated	FY 1994 Estimated 1/
1. LOANS MADE				
Upland Cotton	(bales)	6,428	7,361	
Corn	(bu)	994,376	1,723,300	
Grain Sorghum	(bu)	21,032	58,000	
Rice, Rough	(cwt)	108,628	116,950	
Wheat	(bu)	169,187	348,000	
Soybeans	(bu)	157,395	252,607	
Minor Oilseeds	(cwt)*	2,944	1,608	
Other Grains	(bu)**	36,706	49,722	
Honey	(lb)	119,337	115,774	
ELS Cotton	(bales)	32	190	
2. LOAN COLLATERAL FORFEITURES				
Upland Cotton	(bales)	2	0	
Corn	(bu)	757	247	
Grain Sorghum	(bu)	65	31	
Rice, Rough	(cwt)	345	148	
Wheat	(bu)	142	123	
Soybeans	(bu)	223	1,779	
Minor Oilseeds	(cwt)*	195	98	
Other Grains	(bu)**	8	0	
Honey	(lb)	2,350	3,766	
ELS Cotton	(bales)	0	0	
3. DISPOSITIONS				
Upland Cotton	(bales)			
Regular		0	3	
Certificates		252	534	
Total		252	537	
Corn	(bu)			
Regular		73,937	65,198	
Certificates		174,500	19,400	
Total		248,437	84,598	
Grain Sorghum	(bu)			
Regular		21,069	11,793	
Certificates		33,900	0	
Total		54,969	11,793	
Rice, Rough	(cwt)			
Regular		7,194	5,735	
Certificates		16,650	0	
Total		23,844	5,735	

(continued next page)

TABLE II (continued)

Item and Commodity	Units	FY 1992 Actual	FY 1993 Estimated	FY 1994 Estimated 1/
Wheat	(bu)			
Regular		116,327	70,641	
Certificates		<u>580</u>	<u>0</u>	
Total		116,907	70,641	
Soybeans	(bu)			
Regular		91	2,607	
Certificates		<u>2</u>	<u>0</u>	
Total		93	2,607	
Minor Oilseeds	(cwt)*			
Regular		41	254	
Certificates		<u>21</u>	<u>0</u>	
Total		62	254	
Other Grains	(bu)**			
Regular		2,369	2,533	
Certificates		<u>10</u>	<u>0</u>	
Total		2,379	2,533	
Honey	(lb)			
Regular		7,407	6,000	
Certificates		<u>0</u>	<u>0</u>	
Total		7,407	6,000	
ELS Cotton	(bales)			
Regular		0	0	
Certificates		<u>0</u>	<u>0</u>	
Total		0	0	
4. ENDING INVENTORIES				
Upland Cotton	(bales)	3	0	
Corn	(bu)	129,351	68,621	
Grain Sorghum	(bu)	8,307	1,100	
Rice, Rough	(cwt)	437	0	
Wheat	(bu)	151,529	147,000	
Soybeans	(bu)	149	0	
Minor Oilseeds	(cwt)*	159	3	
Other Grains	(bu)**	5,623	3,000	
Honey	(lb)	4,097	1,863	
Els Cotton	(bales)	0	0	

*Includes sunflower seed, canola, flaxseed, grapeseed, mustard seed and safflower seed.

** Includes barley, oats, and rye.

1/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform reached the end of its system life in 1992. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

Agricultural Stabilization and Conservation Service
Salaries and Expenses
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993

State	1992		1993		1994 1/	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
Alabama	14,478,127	31	14,357,162	31		
Alaska	783,725	4	777,177	4		
Arizona	2,771,535	12	2,748,379	12		
Arkansas	15,022,389	29	14,896,876	29		
California	10,248,884	23	10,163,254	23		
Colorado	9,356,549	21	9,278,375	21		
Connecticut	1,447,388	6	1,435,295	6		
Delaware	1,064,370	7	1,055,478	7		
District of Columbia	119,604,906	765	148,888,000	717		
Florida	8,095,455	22	8,027,817	22		
Georgia	22,626,871	41	22,437,822	40		
Hawaii	649,562	5	644,135	5		
Idaho	8,434,877	20	8,364,403	19		
Illinois	32,683,585	36	32,410,512	36		
Indiana	20,913,460	28	20,738,727	28		
Iowa	37,654,783	36	37,340,176	35		
Kansas 1/	33,785,100	1,457	31,559,394	1,429		
Kentucky	20,272,333	32	20,102,956	32		
Louisiana	11,748,232	25	11,650,075	25		
Maine	2,832,330	9	2,808,666	9		
Maryland	4,510,675	11	4,472,988	11		
Massachusetts	1,562,723	7	1,549,666	7		
Michigan	17,316,660	26	17,171,979	26		
Minnesota	22,997,612	30	22,805,466	30		
Mississippi	16,915,828	36	16,774,496	36		
Missouri	26,135,177	32	25,916,817	32		
Montana	11,757,668	22	11,659,433	22		
Nebraska	30,205,258	37	29,952,892	37		
Nevada	1,297,396	6	1,286,556	6		
New Hampshire	1,361,842	6	1,350,464	6		
New Jersey	1,736,426	7	1,721,918	7		
New Mexico	4,352,621	14	4,316,254	14		
New York	9,246,455	20	9,169,200	20		
North Carolina	23,502,820	36	23,306,453	36		
North Dakota	20,503,412	29	20,332,105	29		
Ohio	20,125,456	31	19,957,307	30		
Oklahoma	16,088,484	30	15,954,064	30		
Oregon	6,399,115	18	6,345,650	18		
Pennsylvania	11,910,791	20	11,811,276	20		
Puerto Rico-Virgin Islands	1,048,024	20	1,039,268	20		
Rhode Island	529,206	3	524,785	3		
South Carolina	10,105,379	25	10,020,948	25		
South Dakota	17,921,501	23	17,771,766	23		
Tennessee	19,215,979	33	19,055,430	33		
Texas	54,141,189	71	53,688,837	72		
Utah 1/	3,639,563	114	3,609,155	118		
Vermont	1,952,141	7	1,935,831	7		
Virginia	13,347,788	28	13,236,267	28		
Washington	7,043,661	18	6,984,811	18		
West Virginia	6,054,483	16	6,003,897	16		
Wisconsin	18,414,297	27	18,260,445	27		
Wyoming	3,232,909	12	3,205,897	12		
Direct Obligations/Estimates	779,047,000		800,877,000			
Undistributed Reimbursements	64,104,000		95,524,000			
Total, Available or Estimate	\$843,151,000	3,424	\$896,401,000	3,349		

1/ Included are the staff-years for Kansas City & Aerial Photography Field Offices respectively. (See breakdown below)

	1992 Staff-Years	1993 Staff-Years	1994 Staff-Years
Kansas:			
Kansas City Field Offices	1,278	1,249	
Kansas City Warehouse Function	144	145	
Subtotal	1,422	1,394	
Utah:			
APFO	99	103	

1/ Beginning in FY 1994, activities previously funded by ASCS Salaries and Expenses Account will be funded through the Farm Service Agency.

PROPOSED LANGUAGE CHANGES
FARMERS HOME ADMINISTRATION

The FY 1994 Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-2000), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1490o); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title III-A of the Economic Opportunity Act of 1964 (Public Law 88-452 approved August 20, 1964), as amended, and such other programs which the Farmers Home Administration has the responsibility for administering, [\$679,920,000] \$675,394,000; of which [\$23,802,000] \$29,754,000 is hereby appropriated, [\$404,746,000] \$353,634,000 shall be derived by transfer from the Rural Housing Insurance Fund Program Account in this Act and merged with this account, [\$215,712,000] \$264,432,000 shall be derived by transfer from the Agriculture Credit Insurance Fund Program Account in this Act and merged with this account, [\$35,539,000] \$27,560,000 shall be derived by transfer from the Rural Development Insurance Fund Program Account in this Act and merged with this account, [\$100,000] shall be derived by transfer from the Alcohol Fuels Credit Guarantee Program Account in this Act and merged with this account,] and [\$21,000] \$14,000 shall be derived by transfer from the Self-Help Housing Land Development Fund Program Account in this Act and merged with this account: Provided, That not exceed \$500,000 of this appropriation may be used for employment under 5 U.S.C. 3109: Provided further, That not to exceed \$4,242,000 of this appropriation shall be available for contracting with the National Rural Water Association or other equally qualified national organization for a circuit rider program to provide technical assistance for rural water systems: Provided, That this appropriation is available for
subscriptions to newspapers and periodicals. [Provided further, That, in addition to any other authority that the Secretary may have to defer principal and interest and forego foreclosure, the Secretary may permit, at the request of the borrowers, the deferral of principal and interest on any outstanding loan made, insured, or held by the Secretary under this title, or under the provisions of any other law administered by the Farmers Home Administration, and may forego foreclosure of any such loan, for such period as the Secretary deems necessary upon a showing by the borrower that due to circumstances beyond the borrower's control, the borrower is temporarily unable to continue making payments of such principal and interest when due without unduly impairing the standard of living of the borrower: Provided further, That funds appropriated to the Farmers Home Administration shall be used to establish and maintain a Farmers Home Administration State office in Nevada. The Secretary may permit interest that accrues during the deferral period on any loan deferred under this section to bear no interest during or after such period: Provided, That, if the security instrument securing such loan is foreclosed, such interest as is included in the purchase price at such foreclosure shall become part of the principal and draw interest from the date of foreclosure at the rate prescribed by law].

4

[OFFICE OF THE ADMINISTRATOR]

[For necessary salaries and expenses of the Office of the Administrator of the Farmers Home Administration, \$600,000: Provided, That no other funds in this Act shall be available for this Office.]

The first change deletes language to fund the Alcohol Fuels Credit Guarantee Program Account since no program funds are requested.

The second change adds language to permit the Agency to subscribe to various newspapers and periodicals to keep abreast of financial, farm, housing and community issues in order to carry out its mission. An old statute dated September 21, 1944, Ch. 412, Title VII §704, 58 Stat 742 prohibits the agency from purchasing such periodicals unless specific language is contained in the appropriation language.

The third change deletes language deferring principal and interest in certain cases and under certain foreclosure practices which is already incorporated into Agency regulations.

The fourth change eliminates the separate appropriation language for the Office of the Administrator account. To provide for a more efficient operation, it is proposed that the Administrator's costs be funded from the Farmers Home Administration Salaries and Expenses Appropriation.

FARMERS HOME ADMINISTRATION
Salaries and Expenses

	<u>Appropriation</u>	<u>Program Resources</u>	<u>Total</u>
Appropriation Act, 1993			
Salaries & Expenses.....	\$23,802,000	\$656,118,000	\$679,920,000
Office of the Administrator.....	600,000	--	600,000
Total Appropriation, 1993.....	24,402,000	656,118,000	680,520,000
Adjustments in 1993.....			
Emergency Supplemental.....	3,200,000	--	3,200,000
Activities Transferred to:			
RDA Alcohol Fuels Credit			
Guarantee Fund PA.....		-100,000	-100,000 a/
Secretary of Agriculture.....		-212,000	-212,000 b/
Adjusted Base for 1993.....	\$27,602,000	\$655,806,000	\$683,408,000
Budget Estimate, 1994.....	-0-	-0-	-0-
Increase/Decrease Over Adjusted 1993.	\$27,602,000 =====	\$-655,806,000 =====	\$-683,408,000 =====

a/ Pursuant to a decision memorandum approved by the Under Secretary dated October 19, 1992, delegating authority along with administrative funds to administer Alcohol Fuels Credit Guarantee Funds to Rural Development Administration. Actual transfer of funds of \$100,000 were made in FY 1993. On a comparable basis, the 1994 cost is also \$100,000.

b/ Pursuant to the authority provided by the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1993 (P.L. 102-341) the Secretary of Agriculture may transfer Salaries and Expenses funds from FmHA to the Office of the Secretary. Actual transfer of funds of \$212,000 were made in FY 1993. On a comparable basis, the 1994 cost is \$212,000.

Note: FmHA Salaries and Expenses account is reflected as part of the FSA Salaries and Expenses account elsewhere in the notes.

EXPLANATION OF PROGRAMS

This account is used to finance the operating expenses incurred in the administration of the programs of the Farmers Home Administration (FmHA). In FY 1992 the Agency operated under the new Federal Credit Reform criteria. The funds available consists of direct appropriations; transfers from Rural Housing Insurance Fund Program Account (RHIF), Agricultural Credit Insurance Fund Program Account (ACIF), Rural Development Insurance Fund Program Account (RDIF), Self-Help Housing Land Development Fund Program Account (SHHLDF), and Rural Development Loans Program Account (RDLP); allocations from the Soil Conservation Service; and miscellaneous reimbursements from other sources.

The principal activities of the Agency include the making and servicing of farm, housing, and rural development loans and grants.

FARMERS HOME ADMINISTRATION

Salaries and Expenses

PROJECT STATEMENT
(on basis of adjusted appropriation)
(Dollars in Thousands)

Project	1992 Actual		1993 Estimated		Increase: or Decrease	1994 Estimated	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
Salaries and Expenses							
Direct							
Appropriation 1/....	\$25,867	473	\$24,402	450			
1992 Dire Emergency supplemental.....	3,200	--	--	--			
Unobligated balance available, SOY.....	--	--	3,200	--			
Transferred from Other Accounts:							
Agricultural Credit Insurance Fund Program Account...	230,179	4,180	215,712	3,982			
Rural Development Loan Fund Program Account.....	689	13	--	--			
Rural Housing Insurance Fund Program Account...	427,111	7,756	404,746	7,471			
Rural Development Insurance Fund Program Account...	52,286	241	35,539	532			
Self Help Housing Land Development Fund.....	21	--	21	--			
Alcohol Fuels Credit Guarantee Fund Program Account...	--	--	100	--			
Subtotal, Transferred from Other Accounts....	710,286	12,190	656,118	11,985			
Total Salaries and Expenses 2/.....	739,353	12,663	683,720	12,435			
Transfer to RDA.....	-39,000	--	-100	--			
Transfer from Dept. for SLUC.....	263	--					
Transfer to Secretary of Agriculture.....	-98	--	-212	--			
Unobligated balance lapsing.....	-63,145	--	--	--			
Unobligated balance available, EOY.....	-3,200	--	--	--			
Salaries and Expenses Obligations	634,173	12,663	683,408	12,435			
Loan Program Expenses 3/.....	(62,845)	--	(36,732)	--			
Total Administrative Expenses.....	(697,018)	12,663	(720,140)	12,435			
Transfer from other Accounts.....	-610,503	--	-655,806	--			
Total Adjusted Appropriations.....	23,670	--	27,602	--			

1/ Includes Office of the Administrator.

2/ Excludes \$934,000 misc. reimbursement and allocation from SCS and 11 staff years in FY 1992 and \$1,000,000 and 11 staff years in FY 1993

3/ Estimated non-recoverable loan costs administrative expenses paid out of liquidating accounts in FY 1992 and program accounts in FY 1993 and Federal Credit Reform.

Positions Filled, Staff-Years and Average
Grade and Salary by Organizational Unit

Organizational Unit	Positions Filled at End of Year		Staff- Years	Permanent	Full-time
	Permanent Full-Time	Other		Average Grade	Average Salary
<u>FISCAL YEAR 1992:</u> (actual)					
National Office	582	44	669	10.69	\$38,425
Finance Office and Field Support	880	65	879	8.46	30,410
State Offices	1,823	105	1,911	9.95	35,770
District Offices	1,369	81	1,483	8.35	30,015
County Offices	<u>6,548</u>	<u>2,755</u>	<u>7,821</u>	<u>7.35</u>	<u>26,420</u>
Total, FmHA	11,202	3,050 1/	12,763	8.31	29,872
<u>FISCAL YEAR 1993:</u> (current)					
National Office	582	50	668	10.69	39,850
Finance Office and Field Support	808	50	882	8.46	31,535
State Offices	1,892	100	1,877	9.95	37,090
District Offices	1,421	90	1,455	8.35	31,125
County Offices	<u>6,872</u>	<u>2,310</u>	<u>7,678</u>	<u>7.36</u>	<u>27,435</u>
Total, FmHA	11,575	2,600	12,560	8.32	31,015

1/ In FY 1992 includes 340 non-ceiling employees such as Stay-in-School.

Obligations by Organizational Unit 1/
(in thousands rounded)

Organizational Unit	Obligations			
	Personnel Comp. and Benefits	Travel	All Other	Total
FISCAL YEAR 1992: (actual)				
National Office	\$36,961	\$1,680	\$6,801	\$45,442
Finance Office and Field Support	32,787	1,014	12,086	45,887
State Offices	78,292	8,077	21,848	108,217
District Offices	59,956	4,487	16,984	81,427
County Offices	<u>256,002</u>	<u>9,872</u>	<u>88,259</u>	<u>354,133</u>
Total, FmHA	463,998	25,130	145,978	635,106
Less Allocations from other accounts	<u>446,584</u>	<u>24,182</u>	<u>140,670</u>	<u>611,436</u>
Total, S&E, FmHA	<u>17,414</u>	<u>948</u>	<u>5,308</u>	<u>23,670</u>
FISCAL YEAR 1993: (estimate)				
National Office	39,070	1,750	7,980	48,800
Finance Office and Field Support	35,750	1,090	14,630	51,470
State Offices	82,150	8,370	25,440	115,960
District Offices	62,710	4,630	19,710	87,050
County Offices	<u>268,262</u>	<u>10,227</u>	<u>102,639</u>	<u>381,128</u>
Total, FmHA	487,942	26,067	170,399	684,408
Less Allocations from other accounts	<u>469,628</u>	<u>25,104</u>	<u>162,074</u>	<u>656,806</u>
Total, S&E, FmHA	<u>18,314</u>	<u>963</u>	<u>8,325</u>	<u>27,602</u>

1/ Includes reimbursable obligations.

FARMERS HOME ADMINISTRATION
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994
Salaries and Expenses

	1992 Staff Years	1992 Actual	1993 Staff Years	1993 Estimate	1994 Estimate
ALABAMA.....	280	13,657,836	274	14,646,213	
ALASKA.....	27	1,317,006	26	1,389,787	
ARIZONA.....	115	5,609,469	113	6,040,226	
ARKANSAS.....	365	17,803,965	358	19,136,292	
CALIFORNIA.....	266	12,974,945	261	13,951,319	
COLORADO.....	126	6,146,026	124	6,628,213	
CONNECTICUT.....	23	1,121,894	22	1,175,973	
DELAWARE.....	52	2,536,455	51	2,726,120	
FLORIDA.....	212	10,340,933	208	11,118,293	
GEORGIA.....	318	15,511,400	312	16,677,439	
HAWAII.....	48	2,341,343	47	2,512,307	
IDAHO.....	174	8,487,370	170	9,087,066	
ILLINOIS.....	323	15,755,290	317	16,944,706	
INDIANA.....	255	12,438,387	250	13,363,333	
IOWA.....	405	19,755,085	397	21,220,972	
KANSAS.....	211	10,292,155	207	11,064,839	
KENTUCKY.....	338	16,486,960	331	17,693,053	
LOUISIANA.....	320	15,608,956	314	16,784,346	
MAINE.....	174	8,487,370	170	9,087,066	
MARYLAND.....	64	3,121,791	63	3,367,560	
MASSACHUSETTS.....	72	3,512,015	71	3,795,186	
MICHIGAN.....	287	13,999,282	280	14,966,933	
MINNESOTA.....	313	15,267,510	306	16,356,719	
MISSISSIPPI.....	542	26,437,669	532	28,437,172	
MISSOURI.....	376	18,340,523	367	19,617,372	
MONTANA.....	135	6,585,028	132	7,055,840	
NEBRASKA.....	223	10,877,491	218	11,652,826	
NEVADA.....	31	1,512,118	30	1,603,600	
NEW HAMPSHIRE.....	45	2,195,009	44	2,351,947	
NEW JERSEY.....	106	5,170,467	102	5,452,240	
NEW MEXICO.....	111	5,414,357	109	5,826,413	
NEW YORK.....	284	13,852,948	277	14,806,573	
NORTH CAROLINA.....	456	22,242,762	447	23,893,639	
NORTH DAKOTA.....	238	11,609,161	233	12,454,626	
OHIO.....	246	11,999,385	242	12,935,706	
OKLAHOMA.....	299	14,584,618	294	15,715,279	
OREGON.....	138	6,731,362	135	7,216,200	
PENNSYLVANIA.....	257	12,535,943	252	13,470,239	
RHODE ISLAND.....	22	1,073,116	21	1,122,520	
SOUTH CAROLINA.....	289	14,096,838	284	15,180,746	
SOUTH DAKOTA.....	245	11,950,607	241	12,882,253	
TENNESSEE.....	356	17,364,963	348	18,601,759	
TEXAS.....	566	27,608,341	557	29,773,505	
UTAH.....	107	5,219,245	105	5,612,600	
VERMONT.....	86	4,194,907	84	4,490,080	
VIRGINIA.....	284	13,852,948	280	14,966,933	
WASHINGTON.....	146	7,121,586	143	7,643,826	
WEST VIRGINIA.....	157	7,658,144	154	8,231,813	
WISCONSIN.....	306	14,926,064	300	16,035,999	
WYOMING.....	86	4,194,907	84	4,490,080	
PUERTO RICO.....	207	10,097,043	205	10,957,933	
TRUST TERRITORIES..	26	1,268,228	26	1,389,787	
VIRGIN ISLANDS.....	10	487,780	10	534,533	
SUBTOTAL.....	11,148	543,777,000	10,928	584,138,000	
NATIONAL OFFICE....	668	45,442,000	661	48,800,000	
FIN.OFF.& FLD SPRT	858	45,887,000	857	51,470,000	
TOTAL AVAIL. EST.	12,674	635,106,000	12,446	684,408,000	
=====		=====	=====	=====	

FARMERS HOME ADMINISTRATION

PASSENGER MOTOR VEHICLES

The 1994 Budget Estimates propose the replacement of one passenger motor vehicle.

The passenger motor vehicles of the Farmers Home Administration are used primarily by the County Supervisors in the Pacific Islands for the performance of their daily work. None of the vehicles are used in the contiguous United States or Washington, D.C. The vehicles are used in areas where privately-owned vehicles and common carrier facilities are either non-existent, uneconomical, or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at rural housing sites and farm properties. FmHA personnel are required to inspect and appraise homes and farms on which loan applications are pending. They also must visit various properties frequently to perform loan servicing activities.

Passenger motor vehicles are not assigned to one individual exclusively and are at locations where more than one employee has a need for them. This allows several employees to use a single vehicle and minimizes the number of vehicles and maintenance costs.

Replacement of passenger motor vehicles. Replacement of one passenger motor vehicle now in operation is proposed. This vehicle is located in the Western Pacific and must be replaced because of excessive rust and corrosion. The high salt spray content and high humidity of the air in this region are very conducive to corrosion and shorten the serviceability period of motor vehicles. In addition, roads are frequently unpaved and the rough terrain contributes to excessive wear. Repair and maintenance of vehicles is generally not available in some of these remote areas. The small size of these islands also precludes high mileage being accumulated on vehicles before requiring replacement. When possible, sedans and other passenger motor vehicles are replaced by all-terrain vehicles.

Age and mileage data for Farmers Home Administration passenger motor vehicles on hand as of September 30, 1992, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage (thousands)</u>	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1985	1	33	30-40	1	33
1986	1	33	20-30	1	33
1991	1	34	10-20	1	34
Totals	3	100		3	100
	=	===		=	===

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

Personnel Summary
FY 1992 Actual

	<u>Agency</u> ^{1/}	<u>Full-Time</u>	<u>Other</u> ^{2/}	<u>Overtime & Holidays Worked</u>	<u>Total Staff Years</u>
Conservation Operations	SCS	9,220	929	23	10,172
River Basin Surveys and Investigations.....	SCS	185	10	--	195
	FS	<u>7</u>	<u>2</u>	<u>--</u>	<u>9</u>
	Subtotal	192	12	--	204
Watershed Planning.....	SCS	151	6	--	157
	FS	<u>2</u>	<u>--</u>	<u>--</u>	<u>2</u>
	Subtotal	153	6	--	159
Watershed and Flood Prevention Operations	SCS	1,333	84	28	1,445
	FmHA	7	--	--	7
	FS	<u>31</u>	<u>6</u>	<u>1</u>	<u>38</u>
	Subtotal	1,371	90	29	1,490
Great Plains Conserva- tion Program.....	SCS	168	8	--	176
Resource Conservation and Development.....	SCS	435	63	1	499
	FmHA	2	--	--	2
	FS	<u>2</u>	<u>--</u>	<u>--</u>	<u>2</u>
	Subtotal	439	63	1	503
Total Direct Program...	SCS	11,492	1,100	52	12,644
	FmHA	9	--	--	9
	FS	<u>42</u>	<u>8</u>	<u>1</u>	<u>51</u>
	Subtotal	11,543	1,108	53	12,704
Reimbursable Programs..	SCS	1,018	113	--	1,131
Miscellaneous Contri- buted Funds.....	SCS	6	3	--	9
Allocation from DOI (Abandoned Mine).....	SCS	<u>80</u>	<u>5</u>	<u>--</u>	<u>85</u>
Total Program.....	SCS	12,596	1,221	52	13,869
	FmHA	9	--	--	9
	FS	<u>42</u>	<u>8</u>	<u>1</u>	<u>51</u>
	Total	<u>12,647</u>	<u>1,229</u>	<u>53</u>	<u>13,929</u>

1/ SCS: Soil Conservation Service
FS: Forest Service
FmHA: Farmers Home Administration

2/ Includes non-ceiling staff-years for the stay-in-school program.

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Personnel Summary by Organization Level
FY 1992

	<u>Average GS & GM Salary 1/</u>	<u>Average GS & GM Grade 1/</u>	<u>Average Salary - Ungraded 1/</u>	<u>Total Staff- Years 2/</u>
Washington Headquarters.....	\$49,334	11.70	N/A	510
Technical Service Centers.....	\$45,346	11.12	\$29,952	507
Other National Units.....	N/A	N/A	N/A	154
State Offices.....	\$34,787	9.48	\$26,062	1,498
State Technical Specialists....	N/A	N/A	N/A	845
Plant Materials Centers.....	N/A	N/A	N/A	149
Miscellaneous State Units.....	N/A	N/A	N/A	594
Area Office Staffs.....	N/A	N/A	N/A	1,599
Miscellaneous Area Units.....	N/A	N/A	N/A	1,188
Field Office Staffs.....	N/A	N/A	N/A	6,825
Subtotal, SCS Direct, Reim- bursable and Miscellaneous Contributed Funds.....	\$35,783	9.63	\$26,499	13,869
Allocations to Other Agencies:				
Farmers Home Administration..			--	9
Forest Service.....			--	<u>51</u>
Subtotal, Allocations.....			--	<u>60</u>
Total.....	N/A	N/A	N/A	13,929

1/ This is not figured below the State Office level.

2/ Includes 345 overtime/holiday and other nonceiling staff years.

Organizational Summary:

	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Washington Headquarters.....	\$57,921	\$43,320	\$1,022	\$510	\$10,283	\$658	\$2,128
State Offices.....	83,673	62,245	2,086	1,660	13,056	934	3,692
State Technical Specialists....	48,621	37,676	2,072	1,489	6,510	260	614
Technical Service Centers.....	37,256	28,694	774	1,197	5,648	210	733
Plant Materials Centers.....	7,677	7,586	--	--	58	33	--
Other National Units.....	12,153	10,367	10	--	1,746	--	30
Miscellaneous State Units.....	32,762	10,015	4,657	3,820	12,353	53	1,864
Area Office Staffs.....	81,587	68,961	455	134	9,027	1,115	1,895
Miscellaneous Area Units.....	56,271	27,854	246	22	11,909	42	16,198
Field Office Staffs.....	292,951	267,272	1,048	390	15,159	5,762	3,320
TOTAL SCS.....	710,872	563,990	12,370	9,222	85,749	9,067	30,474
Cost-Share/Construction.....	134,156	--	--	--	114,393	17,529	2,234
TOTAL SCS OBLIGATIONS NET...	845,028	563,990	12,370	9,222	200,142	26,596	32,708
FmHA.....	313	--	--	--	253	--	60
FS.....	4,232	--	781	297	2,304	--	850
Subtotal.....	4,545	--	781	297	2,557	--	910
TOTAL OBLIGATIONS, NET OF REIMBURSEMENTS.....	\$849,573	\$563,990	\$13,151	\$9,519	\$202,699	\$26,596	\$33,618

Passenger Motor Vehicles

Passenger motor vehicles of the Soil Conservation Service are distributed among 50 State Offices, Puerto Rico and Guam, 230 area offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. Vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical, or inadequate. The nature of the travel requires a high degree of mobility with frequent stops at field offices, job sites, and other place not serviced by common carrier. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally assigned to an office location and not exclusively to one individual. This allows several employees to rely on the use of a single vehicle, thus maximizing utilization, and minimizing the number of vehicles needed.

On September 30, 1992, the Soil Conservation Service had 2,165 passenger vehicles in a total fleet of 10,687 vehicles. The fleet includes pickup trucks, light trucks, jeeps, and heavy trucks.

Replacement of Passenger Motor Vehicles. The fiscal year 1994 estimates provide for the replacement of 400 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement have been driven more than 60,000 miles or are more than 6 years of age or would be beyond economic repair due to accident or other causes.

SCS is continuing a sound and effective replacement program. During fiscal year 1992, 234 replacements were received. Economy of operations and expected use factors are taken into consideration as well as prescribed age and mileage standards in planning replacements.

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand September 30, 1992, are as follows:

<u>Model</u>	<u>AGE DATA</u>		<u>MILEAGE DATA</u>		
	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (Thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1987 and older	921	42.5	80 to over 100	294	13.6
1988	299	13.8	60-80	474	21.9
1989	251	11.6	40-60	535	24.7
1990	240	11.1	20-40	407	18.8
1991	266	12.3	Under 20	455	21.0
1992	188	8.7	TOTAL	2,165	100.0
TOTAL	2,165	100.0			

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Conservation Program (Including Transfers of Funds)

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590p(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, [\$194,435,000] \$150,400,000, to remain available until expended (16 U.S.C. 590o), for agreements, excluding administration [but including technical assistance and related expenses (16 U.S.C. 590o)], except that no participant in the Agricultural Conservation Program shall receive more than \$3,500 per year, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community, or where a participant has a long-term agreement, in which case the total payment shall not exceed the annual payment limitation multiplied by the number of years of the agreement: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetlands Types 3 (III) through 20 (XX) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation materials, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved farming practices as authorized by the Soil Conservation and Domestic Allotment Act, as amended, as determined and recommended by the county committees, approved by the State committees and the Secretary, under programs provided for herein: [Provided further, That such assistance will not be used for carrying out measures and practices that are primarily production-oriented or that have little or no conservation or pollution abatement benefits: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices:] Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities" approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18

U.S.C. 1913 to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels: [Provided further, That not to exceed \$15,000,000 of the amount appropriated shall be used for water quality payments and practices in the same manner as permitted under the program for water quality authorized in chapter 2 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3838 et seq.)].

The first change deletes the amount approved for fiscal year 1993 and inserts the amount requested for fiscal year 1994.

The second and fourth changes in language delete authority for expenditures for technical assistance using funds appropriated to the ACP. Beginning in fiscal year 1994, it is proposed that technical assistance formerly included in this account be funded by the Salaries and Expenses account of the proposed Farm Service Agency.

The third and fifth changes delete restrictive appropriations language.

AGRICULTURAL CONSERVATION PROGRAM

Appropriations Act, 1993	\$194,435,000
Budget Estimate, 1994	<u>150,400,000</u>
Decrease in Appropriation	<u>-44,035,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Cost-sharing to farmers	\$182,769,250	-\$32,369,250	\$150,400,000
Technical assistance	<u>11,665,750</u>	<u>-11,665,750</u>	<u>--</u>
Total Available	<u>194,435,000</u>	<u>-44,035,000</u>	<u>150,440,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Cost-sharing to farmers	\$183,678,634	\$182,769,250	-\$32,369,250(1)	\$150,400,000
Technical assistance ...	<u>10,756,366</u>	<u>11,665,750</u>	<u>-11,665,750(2)</u>	<u>--</u>
Total, Appropriation	194,435,000	194,435,000	-44,035,000	150,400,000

PROJECT STATEMENT

(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Cost-sharing to farmers	\$179,143,550	\$223,015,704	-\$72,615,704	\$150,400,000
Technical assistance	<u>10,756,366</u>	<u>11,665,750</u>	<u>-11,665,750</u>	<u>--</u>
Total available	189,899,916	234,681,454	-84,281,454	150,400,000
Unobligated balance brought forward from prior years ..	-35,711,370	-40,246,454	+40,246,454	--
Unobligated balance carried forward to next year	<u>40,246,454</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation .	194,435,000	194,435,000	-44,035,000	150,400,000

EXPLANATION OF PROGRAM

The Agricultural Conservation Program (ACP) is authorized in sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act of 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), 590(f), and 590q), and sections 1001-1004, 1006-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1504, 1506-1508, and 1510).

The purpose of the Agricultural Conservation Program is to provide financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems that, if not addressed, would reduce the productive capacity of the nation's land and water resources or cause degradation of environmental quality. Program activities include prevention of soil loss, conservation of scarce water supplies, improvement of water quality, conservation of forest and wildlife resources, and pollution abatement. Technical assistance is provided by the Soil Conservation Service (SCS) and Forest Service (FS).

In contrast to the Conservation Reserve Program, which removes highly erodible and other environmentally sensitive cropland from production, the ACP makes available a wide variety of practices to address the soil and water conservation needs and other environmental concerns of land that remains in production, including water quality concerns. In addition, assistance is offered to establish or improve permanent vegetative cover, including tree planting, and to install animal waste handling systems.

The ACP is administered by ASCS through the farmer-elected county committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969, the 1988 National Program for Soil and Water Conservation, and related Resources Conservation Act appraisal updates.

1993 Program

1. Program Direction. The 1993 ACP will be directed toward specific enduring practices to solve the most critical conservation problems and to meet water quality goals. Treatment of farmland, rangeland, and pastureland eroding at greater than the soil loss tolerance (T) will be of primary concern.
 - Annual Agreements. \$152.5 million will be earmarked for cost-sharing of annual agreements and will be allocated to the States for this purpose.
 - Long-Term Agreements. \$20 million will be allocated to the States specifically for this purpose. States also have the option of using annual agreement funds for long-term agreements.
 - Variable Cost-Share Level Project (VC/SL). Under this program, cost-share levels are established for erosion control practices on the basis of the severity of the erosion problem and the amount of soil saved. In fiscal year 1992 a total of 402 counties participated in this voluntary project based on the \$2 million allocated. Results indicate that there are improvements in the cost effectiveness of practices applied under the program. Although separate allocations for VC/SL were not made in fiscal year 1993, counties may continue to use the VC/SL method of computing cost-share levels.
 - Water Quality Projects. A total of \$5.0 million will be available to fund priority water quality activities. \$900 thousand will be provided for 1991 USDA demonstration projects, \$3 million for 1991 USDA nonpoint source hydrologic units, and \$1.1 million for cost-sharing for ACP practices in the Lake Champlain Water Quality Special Projects in New York and Vermont that will produce water quality benefits.

- Water Quality Incentive Projects. \$15 million will be available for funding incentive practices in specific water quality project areas to meet water quality standards or goals in the manner permitted under Section 1439 of the 1990 FACT Act. Water quality incentive projects will be selected from proposals submitted by the States. Priority will be given to applications from areas which have been designated by EPA and State water quality agencies as areas where nonpoint source pollution contributes to the degradation of or threatens the quality of surface or ground water.
 - Method of Allocation. Distribution to the States for annual agreements in fiscal year 1993 was made according to their conservation needs as determined by the Secretary, except for an adjustment, up to five percent, based on the rate of funds usage.
 - Technical Assistance. \$1.944 million is available to the Forest Service for technical assistance relating to forestry practices.
2. Program Development. State and county programs are developed through a process whereby county committees submit recommendations through the State committee to the Secretary. Practices available to a county committee include all those previously approved by the Secretary plus any other practice that a county committee considers necessary to solve a local conservation problem and that is approved by the State committee and the Secretary or his designee.
 3. Practices. The 1993 ACP will encourage cost effective practices such as vegetative cover, terraces, and sod waterways, which result in significant conservation of soil and water, improved water quality, or other improvements in the environment.

Practices that are not enduring or do not provide enduring benefits will not be a part of the program. Other practices excluded from the national program include practices that are primarily production oriented.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$32,369,250 for cost-sharing to agricultural producers (\$182,769,250 available in fiscal year 1993).

Need for Change. The fiscal year 1994 ACP will emphasize soil conservation on farmland, rangeland, and pastureland. The requested funding level of \$150.4 million will address only priority traditional soil and water conservation measures.

At the requested level of \$150.4 million, conservation practices on a total of 7.06 million acres would prevent approximately 24.0 million tons of soil erosion and save 481,200 acre-feet of water. In addition, other conservation needs such as water quality incentive projects, forest and rangeland improvement, and wildlife habitat preservation will be addressed.

Nature of Change. The ACP currently provides funding for financial assistance to agricultural producers to help solve a wide range of agricultural conservation and environmental problems. In addition, program funds are used to reimburse certain USDA agencies for technical assistance. Beginning in fiscal year 1994, however, technical assistance is proposed to be funded within the administrative expenses budget of the proposed Farm Service Agency. Only direct financial assistance to producers would remain in this account.

The requested level of \$150.4 million would fund the following:

- Annual Agreements. Approximately \$117.4 million will be allocated to States for annual practices with lasting conservation benefits, a decrease of \$35 million from the 1993 level.
- Long-Term Agreements. \$14 million will be available for allocations for long-term cost-share agreements, a decrease of \$6 million.
- Water Quality Incentive Projects. \$19 million, an increase of \$4 million, is proposed for incentive projects to continue the program begun in 1992 that is comparable to the water quality program authorized under Section 1439 of the Food, Agriculture, Conservation, and Trade Act of 1990. Farmers will receive incentive payments over a 3- to 5-year period for implementing a water quality protection plan approved by the Secretary.

(2) A decrease of \$11,665,750 for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

The following tables show (a) outlays for fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Agricultural Conservation Program
Fiscal Year 1992 Outlays by State

State	Outlays
Alabama	5,448,475
Alaska	175,050
Arizona	1,385,828
Arkansas	5,513,491
California	4,950,901
Colorado	3,962,421
Connecticut	628,063
Delaware	410,228
Florida	3,863,571
Georgia	5,660,895
Hawaii	397,166
Idaho	3,218,909
Illinois	6,337,435
Indiana	3,402,913
Iowa	5,951,360
Kansas	3,691,044
Kentucky	4,436,062
Louisiana	3,648,582
Maine	2,602,667
Maryland	1,302,145
Massachusetts	724,942
Michigan	4,943,407
Minnesota	5,358,857
Mississippi	4,890,222
Missouri	7,501,296
Montana	3,909,587
Nebraska	4,629,538
Nevada	654,713
New Hampshire	847,377
New Jersey	525,559
New Mexico	2,292,122
New York	4,549,212
North Carolina	4,610,947
North Dakota	3,029,374
Ohio	4,446,100
Oklahoma	3,085,082
Oregon	3,920,253
Pennsylvania	4,075,526
Puerto Rico	532,763
Rhode Island	100,408
South Carolina	2,495,960
South Dakota	2,503,270
Tennessee	4,310,638
Texas	14,263,820
Utah	1,967,718
Vermont	1,623,504
Virginia	3,507,416
Virgin Islands	17,510
Washington	4,217,952
West Virginia	2,053,805
Wisconsin	5,487,965
Wyoming	1,660,053
Undistributed	41,127
ASCS, Subtotal	175,765,229
SCS Technical Assistance	8,766,952
FS Technical Assistance	1,743,000
TOTAL	186,275,181

Agricultural Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	4,934,029	7,094,052	4,438,530
Alaska	271,089	244,840	197,475
American Samoa	0	5,700	4,665
Arizona	1,455,549	4,513,126	1,603,904
Arkansas	4,861,761	4,946,136	3,907,523
California	4,531,015	7,400,048	4,191,297
Colorado	4,135,954	4,986,489	3,554,556
Connecticut	795,626	1,153,585	522,454
Delaware	483,072	956,836	365,407
Florida	3,773,393	4,462,714	3,157,273
Georgia	5,579,195	5,669,763	4,289,257
Guam	4,447	72,090	4,665
Hawaii	523,401	1,441,865	419,052
Idaho	3,153,926	7,379,333	3,603,536
Illinois	5,861,867	4,923,421	5,078,381
Indiana	3,565,858	4,035,440	2,829,184
Iowa	6,050,226	6,661,195	5,297,625
Kansas	5,074,661	7,257,241	4,354,564
Kentucky	5,016,156	4,584,133	3,471,367
Louisiana	3,563,634	4,435,895	2,985,454
Maine	2,441,920	2,527,628	1,971,643
Maryland	1,565,982	1,496,099	999,816
Massachusetts	837,411	753,053	395,728
Michigan	4,738,968	5,607,077	3,935,512
Minnesota	6,323,556	7,780,766	5,289,851
Mississippi	4,349,541	5,679,768	4,177,303
Missouri	7,043,094	8,724,220	6,173,825
Montana	3,993,258	5,119,950	3,724,042
Nebraska	5,110,827	5,534,783	3,797,901
Nevada	594,774	857,581	603,310
New Hampshire	872,550	1,407,704	796,898
New Jersey	687,551	797,524	421,384
New Mexico	1,966,936	3,000,596	1,837,142
New York	4,501,496	5,888,756	4,115,106
North Carolina	3,832,064	4,790,444	3,456,596
North Dakota	3,193,003	4,417,150	3,041,431
N. Mariana Isl.	0	119,328	4,665
Ohio	3,959,107	5,166,400	3,510,240
Oklahoma	3,440,847	4,975,790	3,298,771
Oregon	4,216,839	5,333,862	3,556,111
Pennsylvania	4,339,571	5,094,455	3,758,251
Puerto Rico	580,825	645,632	380,179
Rhode Island	123,011	326,017	47,425
South Carolina	2,604,193	2,595,563	1,753,177
South Dakota	2,995,617	3,512,866	2,431,123
Tennessee	3,977,057	4,202,562	2,886,716
Texas	16,009,580	19,957,108	12,790,803
Utah	2,148,812	2,319,776	1,752,399
Vermont	2,396,602	2,050,155	1,479,510
Virginia	3,191,866	3,616,375	2,811,302
Virgin Islands	30,824	51,459	17,104
Washington	4,654,415	5,317,825	3,594,984
West Virginia	2,061,596	2,293,523	1,756,286
Wisconsin	5,066,978	6,776,581	4,170,306
Wyoming	1,616,893	1,780,675	1,386,992
Undistributed	41,127	272,751	0
ASCS Subtotal	179,143,550	223,015,704	150,400,000
FS Technical Assistance	1,944,000	1,944,000	0
SCS Technical Assistance	8,812,366	9,721,750	0
Total, Available or Estimate	189,899,916	234,681,454	150,400,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Colorado River Basin Salinity Control Program

For necessary expenses for carrying out a voluntary cooperative salinity control program pursuant to section 202(c) of title II of the Colorado River Basin Salinity Control Act, as amended (43 U.S.C. 1592(c)), to be used to reduce salinity in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico, [~~\$13,783,000~~] \$8,499,000, to remain available until expended (7 U.S.C. 2209b), to be used for investigations and surveys, for [technical assistance in developing conservation practices and in the preparation of salinity control plans, for] the establishment of on-farm irrigation management systems, including related lateral improvement measures, for making cost-share payments to agricultural landowners and operators, Indian tribes, irrigation districts and associations, local governmental and nongovernmental entities, and other landowners to aid them in carrying out approved conservation practices as determined and recommended by the county [ASC] committees, approved by the State [ASC] committees and the Secretary[, and for associated costs of program planning, information and education, and program monitoring and evaluation: Provided, That the Soil Conservation Service shall provide technical assistance and the Agricultural Stabilization and Conservation Service shall provide administrative services for the program, including but not limited to, the negotiation and administration of agreements and the disbursement of payments]: Provided [further], That such program shall be coordinated with the regular Agricultural Conservation Program and with research programs of other agencies.

The change in language deletes authority for expenditures for technical assistance using funds appropriated to CRSC. Beginning in fiscal year 1994, it is proposed that technical assistance formerly included in this account be funded by the Salaries and Expenses account of the proposed Farm Service Agency. The change also deletes reference to the role of ASCS, since those functions would also be carried out by the FSA.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

Appropriations Act, 1993.....	\$13,783,000
Budget Estimate, 1994.....	<u>8,499,000</u>
Change in Appropriation.....	<u>-5,284,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Cost-sharing to landowners and others	\$8,154,300	+\$344,700	\$8,499,000
Technical Assistance	<u>5,628,700</u>	<u>-5,628,700</u>	<u>--</u>
Total available	<u>13,783,000</u>	<u>-5,284,000</u>	<u>8,499,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Cost-Sharing to landowners and others	\$8,840,012	\$8,154,300	+\$344,700(1)	\$8,499,000
Technical assistance	<u>5,942,988</u>	<u>5,628,700</u>	<u>-5,628,700(2)</u>	<u>--</u>
Total, Appropriation	14,783,000	13,783,000	-5,284,000	8,499,000

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Cost-sharing to landowners and others	\$9,771,527	\$9,805,949	-\$1,306,949	\$8,499,000
Technical assistance	<u>5,942,988</u>	<u>5,628,700</u>	<u>-5,628,700</u>	<u>--</u>
Total available	15,714,515	15,434,649	-6,935,649	8,499,000
Unobligated balance brought forward from prior years ..	-2,583,164	-1,651,649	+1,651,649	--
Unobligated balance carried forward to next year	<u>1,651,649</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation	14,783,000	13,783,000	-5,284,000	8,499,000

EXPLANATION OF PROGRAM

The Colorado River Basin Salinity Control Program (CRSC) is authorized by section 202(c) of Title II of the Colorado River Basin Salinity Control Act of 1974 (43 U.S.C. 1592c), as amended, and is in compliance with Section 310, International Pollution Abatement, of the Federal Water Pollution Control Act Amendments of 1972, P.L. 92-500, 86 Stat. 816. Salinity problems in the Colorado River Basin are a critical concern to the seven Basin States -- Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming -- and to the Republic of Mexico. The purpose of the CRSC is to reduce the salt content of the upper Colorado River Basin while supporting the Nation's commitment to

the 1973 International Boundary and Water Commission Agreement concerning the quality of water delivered downstream to users in the U.S. and Mexico.

Colorado River waters are apportioned by the Upper Basin States (Colorado, New Mexico, Utah, and Wyoming) and Lower Basin States (Arizona, California, and Nevada) in accordance with the provisions of Colorado River Compact of 1922. The Compact defines the minimum quantity of Colorado River waters to be delivered annually to Mexico and provides the format for the division of the Colorado River waters by the Upper and Lower Basin States to meet the terms of the Compact.

The objectives of the program are to provide financial and technical assistance to:

- Identify salt source areas in the Colorado River Basin (SCS).
- Develop project plans for conservation practices to reduce salt loads in the Colorado River (SCS).
- Install conservation practices through cost-sharing assistance (ASCS).
- Carry out research, education, and demonstration activities (ES, ARS, and CSRS).
- Carry out monitoring and evaluation activities (SCS).

The U.S. Department of the Interior (DOI) has estimated that irrigated agriculture contributes about 37 percent of the total salt load to the Colorado River above the Imperial Dam. Generally, on-farm irrigation and water distribution systems, especially in the Upper Basin, are not efficient and have a high level of surface runoff, excessive deep percolation, and high amounts of seepage from irrigation canals and laterals. Salt loading occurs as seepage and deep percolation leach salts from the soil and underlying geologic formations into the river. Salt concentrations are caused by evaporation, evapo-transpiration of irrigated crops, and export of water for other uses leaving salt in the soil and remaining water.

The Colorado River serves as the primary source of water for parts of the seven Basin States and is used and reused for crop irrigation, hydro-electric power generation, and municipal and industrial purposes. Increases in the salinity of the water cause considerable economic losses. Salinity build-up in the soil root zones reduces or eliminates economic returns from growing agricultural products. Excessive salinity in groundwater, lakes, streams, and rivers reduces or precludes the use of this water by man or wildlife.

The CRSC Program applies to lands that are in an identified salt source area and are owned or controlled by private individuals, Indian tribes, irrigation districts or companies, or State or local governments. Landowners or operators are eligible to participate in the CRSC Program if all of the following apply:

- Their lands or activities contribute to the project area's salt loading of the Colorado River.
- Their lands or activities in a project area are designated as critical areas or salt sources;
- The conservation district approves the salinity control plan covering the critical areas and salt sources; and
- The participant meets any minimum acreage requirements established by the county ASC committee.

County ASC committees may enter into CRSC contracts with individuals or entities on eligible land. Under these contracts, ASCS agrees to share with the participant the cost of establishing necessary salinity reduction

practices. In return, a participant must agree to carry out a cost-effective salinity control plan developed for the participant's land. The salinity control plan (Project Implementation Plan) includes the salinity reduction practice or practices that must be installed as well as a schedule of completion dates.

Cost-share levels up to 70 percent of the total cost are authorized for the CRSC Program. Levels exceeding the on-farm and offsite benefits must be approved by agency headquarters with USDA Salinity Control Coordinating Committee concurrence. The combined cost-shares by Federal, State, and others shall not exceed 100 percent of the cost of carrying out a salinity reduction practice. Cost-share assistance levels vary among projects.

Reimbursement of 30 percent of ASCS cost-share funds is billed by DOI and paid by the States to Treasury. The Upper Basin States and Lower Basin States contribute 15 percent and 85 percent, respectively, of the 30-percent share repaid.

Salinity reduction practices (SRP's) for which cost-sharing may be authorized are:

- SRP 1 ON-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing deep percolation of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 2 OFF-FARM SALT LOAD REDUCTION: To reduce salt contributions by conserving or reducing seepage of water and controlling erosion, where erosion is contributing significantly to the salt loading of water.
- SRP 3 PERMANENT WILDLIFE HABITAT: To protect, restore, or develop permanent wildlife habitat cover or food, to replenish wildlife.
- SRP 4 SHALLOW WATER AREAS FOR WILDLIFE: To develop or restore shallow water areas to replace the associated wildlife resources.
- SRP SPECIAL SALINITY REDUCTION PRACTICES: Projects may develop permanent salinity reduction and fish and wildlife practices needed to solve a significant, unique local problem that has been designated high priority in the Project Implementation Plan and for which national program practices are not adequate.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$344,700 for cost sharing to landowners and others (\$8,154,300 available in fiscal year 1993 for cost sharing).

Need for Change. The Colorado River Basin Salinity Control Program funds direct financial assistance to producers. The \$8.499 million budget request would enable the program to continue its water quality objectives in existing projects and permit additional participation of landowners in all project areas.

The fiscal year 1994 budget request supports the objectives of the Colorado River Basin Salinity Control Act, enacted by Congress in 1974, which authorized the Secretary of Agriculture to establish a voluntary cooperative salinity control program to enhance and protect the quality of water available in the Colorado River for use in the United States and Mexico.

Nature of Change. Technical assistance is currently funded by the program to aide landowners in the development of practices. Beginning in fiscal year 1994, however, technical assistance is proposed to be funded within the administrative expenses budget of the proposed Farm Service Agency. Only financial assistance to producers will remain in this account.

The budget request of \$8.499 million will be used to install practices designed to reduce salinity levels in the Colorado River. These measures are expected to reduce salt loading to the Colorado River by approximately 22,500 tons annually.

- (2) A decrease of \$5,628,700 for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

The following tables show (a) outlays for fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Colorado River Basin Salinity Control Program
Fiscal Year 1992 Outlays by State

State	Outlays
Colorado	\$2,816,155
Utah	2,397,311
Wyoming	713,911
SCS & ES Technical Assistance	5,313,000
Total	\$11,240,377

Colorado River Basin Salinity Control Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Colorado	\$5,689,621	\$5,438,208	\$4,156,125
Utah	3,046,198	3,295,601	3,048,750
Wyoming	1,035,708	972,140	794,125
Nevada	0	100,000	500,000
SCS Technical Assistance Costs a/	5,313,000	5,010,300	0
ES Information—Education Costs a/	629,988	618,400	0
Total, Available or Estimate	\$15,714,515	\$15,434,649	\$8,499,000

a/ Includes technical assistance for FY 1992 and 1993. Beginning in 1994, it is proposed that technical assistance formerly included in this account be funded within the proposed Farm Service Agency.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Conservation Reserve Program [(Including Transfers of Funds)]

For necessary expenses to carry out the conservation reserve program pursuant to the Food Security Act of 1985 (16 U.S.C. 3831-3845), [\$1,578,517,000] \$1,755,541,000, to remain available until expended, to be used for Commodity Credit Corporation expenditures for cost-share assistance for the establishment of conservation practices provided for in approved conservation reserve program contracts, and for annual rental payments provided in such contracts[, and for technical assistance]: Provided, That none of the funds in this Act may be used to enter into new contracts that are in excess of the prevailing local rental rates for an acre of comparable land: Provided further, That none of the funds made available under this heading shall be used for technical assistance.

The change in language deletes authority for expenditures for technical assistance using funds appropriated to CRP. Beginning in fiscal year 1994, it is proposed that technical assistance formerly included in this account be funded by the Salaries and Expenses account of the proposed Farm Service Agency.

CONSERVATION RESERVE PROGRAM

Appropriations Act, 1993.....	\$1,578,517,000
Budget Estimate, 1994.....	<u>1,755,541,000</u>
Increase in Appropriation.....	<u>+\$177,024,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Financial assistance:			
Annual rental payments.....	\$1,538,374,231	+\$201,540,484	\$1,739,914,715
Cost-sharing assistance.....	33,755,000	-18,128,715	15,626,285
Easement overhead costs.....	<u>1,336,406</u>	<u>-1,336,406</u>	<u>--</u>
Subtotal.....	1,573,465,637	+182,075,363	1,755,541,000
Technical Assistance:			
SCS.....	5,051,363	-5,051,363	--
FS.....	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal.....	<u>5,051,363</u>	<u>-5,051,363</u>	<u>0</u>
Total Available.....	<u>1,578,517,000</u>	<u>+177,024,000</u>	<u>1,755,541,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
Financial assistance:				
Annual rental payments....	\$1,563,487,912	\$1,538,374,231	+\$201,540,484	\$1,739,914,715
Cost-sharing assistance..	39,315,888	33,755,000	-18,128,715	15,626,285
Easement overhead costs.....	<u>267,919</u>	<u>1,336,406</u>	<u>-1,336,406</u>	<u>--</u>
Subtotal.....	1,603,071,719	1,573,465,637	182,075,363 (1)	1,755,541,000
Technical assistance:				
SCS.....	7,063,095	5,051,363	-5,051,363	--
FS.....	<u>1,142,186</u>	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal.....	8,205,281	5,051,363	-5,051,363 (2)	--
Total, Appropriation.	1,611,277,000	1,578,517,000	177,024,000	1,755,541,000

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Financial assistance:				
Annual rental payments.....	\$1,612,477,224	\$1,739,520,000	+\$71,447,000	\$1,810,967,000
Cost-sharing assistance....	39,315,888	33,755,000	-18,128,715	15,626,285
Easement overhead costs.....	<u>267,919</u>	<u>1,336,406</u>	<u>-1,336,406</u>	<u>--</u>
Subtotal.....	1,652,061,031	1,774,611,406	+51,981,879	1,826,593,285
Technical assistance:				
SCS.....	7,063,095	5,051,363	-5,051,363	--
FS.....	<u>1,142,186</u>	<u>--</u>	<u>--</u>	<u>--</u>
Subtotal.....	8,205,281	5,051,363	-5,051,363	--
Total, program level.....	1,660,266,312	1,779,662,769	+46,930,516	1,826,593,285
Recovery of prior year obligations....	-812,816	--	--	--
Unobligated balance brought forward from prior years....	-320,374,550	-272,198,054	+201,145,769	-71,052,285
Unobligated balance carried forward to next year.....	<u>272,198,054</u>	<u>71,052,285</u>	<u>-71,052,285</u>	<u>--</u>
Total, Appropriation..	1,611,277,000	1,578,517,000	+177,024,000	1,755,541,000

EXPLANATION OF PROGRAM

The Conservation Reserve Program (CRP) was established initially as a voluntary program to help farmers prevent or control soil erosion on highly erodible and environmentally sensitive cropland. The continuation of the program authorized by the Food, Agriculture, Conservation, and Trade Act of 1990 targets additional participation to areas where agriculture adversely impacts water quality. In accordance with the FACT Act, the program is directed toward encouraging the enrollment of croplands in conservation priority areas such as the Chesapeake Bay region, Great Lakes region, Long Island Sound region, and other areas of special environmental sensitivity in order to maximize benefits to water quality and wildlife habitat. Eligible land also includes areas with identified water quality impairment, designated priority areas and public wellhead areas identified by the Environmental Protection Agency.

The objectives of the CRP are to conserve and improve soil and water resources by establishing vegetative cover on eligible cropland. The program also adjusts the production of some agricultural commodities. The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands. It is

administered through the Commodity Credit Corporation (CCC) under the general supervision of the Administrator, ASCS, and is carried out by State and local ASC committees. Farmers decide what eligible cropland to offer for enrollment. Those whose bids are accepted enter into a contract with ASCS in which they agree to take the land out of annual crop production, establish cover of perennial grass, legumes, wildlife cover, or trees, and make a proportionate reduction in their program base acreage. The contracts are for 10 years or, at the participant's option, for up to 15 years if the acreage is to be planted to hardwood trees, shelterbelts, windbreaks, or wildlife habitat corridors. Under the eleventh signup, land established to specified practices was required to be placed under useful life easement of 15 to 30 years. Under the twelfth signup, useful life easements are voluntary. In return, USDA provides annual rental payments for 10- to 15-year contracts and useful life easements, and one-time payments for half the cost of establishing the cover.

In fiscal years 1988 through 1993, funds were appropriated in advance for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985, as amended by the FACT Act of 1990, provides authority to enter into CRP contracts through fiscal year 1995. Appropriations will be requested annually to make payments through fiscal year 2011.

The FACT Act established a new umbrella program, the Environmental Conservation Acreage Reserve Program (ECARP), which encompasses the existing CRP and a new Wetlands Reserve Program (WRP) to assist owners of eligible lands in restoring and protecting wetlands. The law requires that at least 40 million acres be enrolled in ECARP by the end of 1995, including acreage already in the CRP. In addition, the law specifies a 1-million-acre minimum enrollment in the CRP in both calendar years 1994 and 1995 and, to the extent practicable, a 1-million-acre total enrollment in the WRP.

1993 Program

1. Program Participation. During fiscal year 1993, no signup will be held due to a provision in the fiscal year 1993 appropriations act, which specifically prohibits an enrollment period in fiscal year 1993. Total enrollment is approximately 36.53 million acres through fiscal year 1992, including the 1.1 million acres tentatively accepted in the twelfth signup.
2. Eligibility. To be eligible to enter a CRP contract, an applicant must:
 - be an individual, partnership, association, corporation, estate, trust, other business enterprise or legal entity, or State or local subdivision of a State owning or operating State or local croplands
 - own or operate eligible cropland that
 - has been planted to an agricultural commodity in at least two of the five years 1986 through 1990
 - meets the definition of eligible land announced by the Secretary for CRP purposes
 - implement an approved conservation plan
 - refrain from grazing or harvesting any crops from the land enrolled in CRP, unless authorized for emergency purposes
 - reduce the aggregate total of acreage bases, allotments, and quotas for the contract period by an amount based on the ratio of the total cropland acreage and the total acreage subject to the CRP contract.

3. Bid Selection. Bid selection is made after a nationwide review and evaluation, and will be based on the environmental benefits of placing the land in the CRP compared to the dollar cost. To increase water quality benefits under the CRP, areas such as filterstrips, sod waterways, shelterbelts, and contour grass strips received additional consideration during the evaluation process.
4. Annual Rental Payments. Annual rental payments, subject to compliance certification, are made after October 1 of the effective year of the contract. Rental payments of \$1.74 billion due in fiscal year 1993 for crop years 1986 through 1992 rental agreements were made in October 1992, and were paid entirely in cash.
5. Technical Assistance. The technical services of the Soil Conservation Service, Forest Service, and other appropriate agencies are used to carry out the CRP. The SCS determines eligibility of land and assists farmers in preparing conservation plans. The Forest Service and cooperating State forestry agencies help plan and install practices involving trees. In addition, as a component of technical assistance provided to producers, the Federal Government pays fair and reasonable overhead costs of useful life easements on land within a State-approved wellhead protection area and on land established to certain priority practices.

JUSTIFICATION OF INCREASE AND DECREASE

- (1) An increase of \$182,075,363 in appropriation for estimated expenditures for annual rental payments and cover costs due in fiscal year 1994 (\$1,573,465,637 available in fiscal year 1993).

Need for Change. In accordance with the Food Security Act of 1985, as amended, funds are needed in 1994 to make payments for costs coming due in 1994.

Program costs described above are expected to increase by a net of \$52.0 million in 1994, to reflect

- an increase of \$71.4 million to cover rental payments coming due for the first time on the 1.13 million 1993-crop acres enrolled in fiscal year 1992
- a decrease of approximately \$18.1 million in estimated vegetative cover establishment costs
- a decrease of approximately \$1.3 million in useful life easement overhead costs since no useful life easement overhead costs are anticipated beyond fiscal year 1993

Also because the unobligated balance expected to be available in fiscal year 1994 will be over \$130 million lower than the amount of unobligated balance actually used in fiscal year 1993, estimated appropriation needs will increase by that amount.

Nature of Change. Program funds are currently being used to pay for program related technical assistance. Beginning in fiscal year 1994, technical assistance is proposed to be funded from within the administrative expenses budget of the proposed Farm Services Agency. Only financial assistance will remain in this account. The fiscal year 1994 appropriation request of \$1.756 billion, together with the estimated \$71 million in unobligated balances brought forward from fiscal year 1993, would provide:

- \$15.6 million for cost-sharing practices to establish permanent cover in fiscal year 1994 on 1993 and previous crop year acres.
 - \$1.811 billion for cash rental payments for 1986- through 1993- crop acreage contracts signed during fiscal years 1986 through 1992. No CCC commodity certificates were used to make rental payments in fiscal year 1993 and none are proposed in fiscal year 1994.
- (2) A decrease of \$5,051,363 million for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

The following tables show (a) actual CRP enrollment through fiscal year 1992 and estimated enrollment for fiscal years 1993 through 1995, and (b) the geographic breakdown of obligations for fiscal years 1992-1994.

Conservation Reserve Program
Actual Enrollment Through 1992 and Estimated Through 1995
(Millions of Acres)

<u>Crop Year</u>	<u>Actual FY 1986</u>	<u>Actual FY 1987</u>	<u>Actual FY 1988</u>	<u>Actual FY 1989</u>	<u>Actual FY 1990</u>	<u>Actual FY 1991</u>	<u>Actual FY 1992</u>	<u>Estimated FY 1993</u>	<u>Estimated FY 1994</u>	<u>Estimated FY 1995</u>	<u>Crop Year Total</u>
1986	2.04	--	--	--	--	--	--	--	--	--	2.04
1987	6.19	7.48	--	--	--	--	--	--	--	--	13.67
1988	--	6.44	2.32	--	--	--	--	--	--	--	8.76
1989	--	--	3.66	1.69	--	--	--	--	--	--	5.35
1990	--	--	--	4.10	--	--	--	--	--	--	4.10
1991	--	--	--	--	--	.48	--	--	--	--	0.48
1992	--	--	--	--	--	1.00	--	--	--	--	1.00
1993	--	--	--	--	--	--	1.13	--	--	--	1.13
1994	--	--	--	--	--	--	--	--	--	--	0.00
1995	--	--	--	--	--	--	--	--	1.00	--	1.00
1996	--	--	--	--	--	--	--	--	--	1.47	1.47
Total	8.23	13.92	5.98	5.79	--	1.48	1.13	--	1.00	1.47	39.00
Cumulative, Fiscal Year	8.23	22.15	28.13	33.92	33.92	35.40	36.53	36.53	37.53	39.00	

NOTE: The law requires that at least 39 million acres be enrolled in CRP by the end of 1995, including a 1-million-acre minimum enrollment in both calendar years 1994 and 1995.

Conservation Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	23,382,933	27,294,442	28,583,163
Alaska	937,773	1,306,180	1,292,373
Arizona	1,312	1,312	1,312
Arkansas	11,823,789	12,334,702	13,180,963
California	8,396,230	9,275,737	9,287,264
Colorado	78,636,069	96,289,962	96,012,879
Connecticut	--	--	--
Delaware	60,115	49,958	49,430
Florida	5,206,582	6,421,903	6,721,699
Georgia	25,959,856	34,373,664	35,214,656
Hawaii	60,960	3,534	3,497
Idaho	36,609,025	42,138,750	43,906,392
Illinois	50,641,589	37,628,678	42,488,583
Indiana	28,032,398	21,579,429	24,259,475
Iowa	163,708,296	107,185,395	114,143,487
Kansas	150,440,497	145,050,161	145,351,020
Kentucky	24,443,006	21,660,298	22,657,123
Louisiana	6,498,746	7,151,274	7,290,828
Maine	1,746,609	1,895,544	1,899,497
Maryland	1,486,853	998,956	1,075,321
Massachusetts	1,020	1,490	1,475
Michigan	13,378,506	13,295,064	18,633,576
Minnesota	98,544,241	95,194,559	96,340,535
Mississippi	33,166,654	40,117,201	42,478,476
Missouri	97,304,342	81,810,890	87,907,633
Montana	102,795,712	140,858,230	142,433,450
Nebraska	74,091,045	70,009,242	71,279,026
Nevada	117,075	153,654	152,030
New Hampshire	--	--	--
New Jersey	33,595	31,889	35,497
New Mexico	18,233,553	23,631,559	23,413,956
New York	3,046,964	3,045,735	3,299,385
North Carolina	6,412,388	7,288,820	7,570,352
North Dakota	109,981,821	158,815,414	157,865,814
Ohio	19,477,434	16,902,973	20,286,869
Oklahoma	49,219,755	59,007,006	59,065,041
Oregon	25,498,780	26,150,053	26,065,869
Pennsylvania	5,665,200	4,924,724	5,096,023
Puerto Rico	29,325	22,283	22,047
Rhode Island	--	--	--
South Carolina	11,007,060	13,581,696	13,842,334
South Dakota	72,242,151	105,532,958	105,918,920
Tennessee	22,589,789	22,803,682	23,817,502
Texas	156,413,694	202,976,923	208,148,320
Utah	9,090,235	11,606,269	11,512,155
Vermont	12,447	9,750	9,647
Virgin Islands	--	--	--
Virginia	3,842,692	3,851,466	3,996,311
Washington	50,040,635	50,936,854	52,546,141
West Virginia	28,997	29,664	29,859
Wisconsin	42,290,677	35,284,144	38,767,189
Wyoming	9,862,626	12,760,929	12,638,891
Easement Overhead Costs	-- 1/	1,336,406	--
Undistributed	(430,024)	--	--
ASCS Subtotal	1,652,061,031	1,774,611,406	1,826,593,285
SCS Tech. Assistance	7,063,095	5,051,363	--
FS Tech. Assistance	1,142,186	--	--
Total Available or Estimate	1,660,266,312	1,779,662,769	1,826,593,285

1/ FY 1992 State obligations include technical assistance costs associated with establishing permanent easements. A total of \$267,919 was spent on easement technical assistance in FY 1992.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows:

Dairy Indemnity Program (Including Transfers of Funds)

For necessary expenses involved in making indemnity payments to dairy farmers for milk or cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and in making indemnity payments for milk, or cows producing such milk, at a fair market value to any dairy farmer who is directed to remove his milk from commercial markets because of (1) the presence of products of nuclear radiation or fallout if such contamination is not due to the fault of the farmer, or (2) residues of chemicals or toxic substances not included under the first sentence of the Act of August 13, 1968, as amended (7 U.S.C. 450j), if such chemicals or toxic substances were not used in a manner contrary to applicable regulations or labeling instructions provided at the time of use and the contamination is not due to the fault of the farmer, \$5,000, to remain available until expended (7 U.S.C. 2209b): Provided, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government: Provided further, That this amount shall be transferred to the Commodity Credit Corporation: Provided further, That the Secretary is authorized to utilize the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of making dairy indemnity disbursements.

DAIRY INDEMNITY PROGRAM

Appropriations Act, 1993	\$5,000
Budget Estimate, 1994	<u>5,000</u>
Change in Appropriation	<u>--</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Indemnity payments to dairy farmers and manufacturers	<u>\$5,000</u>	<u>--</u>	<u>\$5,000</u>

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Indemnity payments to dairy farmers and manufacturers	\$131,651	\$100,000	--	\$100,000
Unobligated balance brought forward from prior years	-947,940	-821,289	+\$95,000	-726,289
Unobligated balance carried forward to next year	<u>821,289</u>	<u>726,289</u>	<u>-95,000</u>	<u>631,289</u>
Total appropriation	5,000	5,000	--	5,000

EXPLANATION OF PROGRAM

The purpose of the Dairy Indemnity Program is to indemnify (1) dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer income losses on milk or milk products removed from commercial markets because of certain chemical residues; and (b) dairy farmers for milk or cows when milk or dairy products are removed from commercial markets because of nuclear radiation, fallout, or other toxic substances.

Section 331 of the Economic Opportunity Act of 1964 authorized the Secretary to make indemnity payments, at fair market value, to farmers who have been directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved by the Federal Government at the time of use. Original authority granted under this section terminated January 31, 1965, but the termination date has been extended 11 times. Major legislation extending and modifying the program is summarized as follows:

- The Agricultural Act of 1970, Public Law 91-524, authorized indemnity payments to manufacturers of dairy products whose products have been removed from the market because they contained residues of chemicals registered and approved by the Federal Government.
- The Agricultural and Consumer Protection Act of 1973, Public Law 93-86, extended the authority for dairy indemnity payments to June 30, 1977. The Act also authorized indemnity payments for dairy cows producing milk contaminated with pesticide residues.
- The Food and Agriculture Act of 1977, which extended the Dairy Indemnity Program to September 30, 1981, also authorized indemnity payments for milk,

or cows producing milk, that must be removed from commercial markets as a result of chemical residues not previously included, nuclear radiation, or fallout.

- Use of Commodity Credit Corporation services and facilities was authorized under Public Law 99-349, the fiscal year 1986 Urgent Supplemental Appropriations Act, and under the Rural Development, Agriculture, and Related Agencies Appropriations Act, 1988. This authority has been continued under subsequent appropriation acts.
- Dairy Indemnity Program funds were made available until expended under Section 608, General Provisions, of Public Law 99-190, the Continuing Resolution for fiscal year 1986, and has been continued in subsequent appropriation acts.
- The Food, Agriculture, Conservation, and Trade Act of 1990, Public Law 101-624, extended authority for the Dairy Indemnity Program through September 30, 1995.

During fiscal year 1993, an estimated \$100,000 will be obligated for payment of claims filed by dairy producers under the program.

Dairy Indemnity Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	\$9,943	--	--
Arizona	--	\$16,784	--
Florida	55,632	11,015	--
Georgia	6,824	4,890	--
Illinois	61,358	537	--
Indiana	287	--	--
Kansas	5,566	2,455	--
Mississippi	2,510	--	--
Missouri	16,045	2,204	--
Nebraska	3,021	8,906	--
Ohio	--	18,745	--
Oklahoma	1,299	--	--
Tennessee	5,439	282	--
Texas	8,840	--	--
Wisconsin	30,261	--	--
Undistributed	-75,374	34,182	\$100,000
Total, Available or Estimate	\$131,651	\$100,000	\$100,000

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Emergency Conservation Program

For necessary expenses to carry into effect the program authorized in sections 401, 402, and 404 of title IV of the Agricultural Credit Act for 1978 (16 U.S.C. 2201-2205), [\$3,000,000] \$2,760,000, to remain available until expended, as authorized by 16 U.S.C. 2204.

EMERGENCY CONSERVATION PROGRAM

Appropriations Act, 1993	\$13,500,000	a/
Budget Estimate, 1994	2,760,000	
Decrease in Appropriation	<u>-10,740,000</u>	

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Emergency cost-sharing to farmers ..	\$12,420,000	\$9,660,000	\$2,760,000
Technical assistance	<u>1,080,000</u>	<u>-1,080,000</u>	<u>--</u>
Total Available	<u>13,500,000</u> a/	<u>-10,740,000</u>	<u>2,760,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimate
Emergency cost-sharing to farmers	\$21,747,721	\$12,420,000	-\$9,660,000(1)	\$2,760,000
Technical assistance ..	<u>752,279</u>	<u>1,080,000</u>	<u>-1,080,000(2)</u>	<u>--</u>
Total, Appropriation	22,500,000	13,500,000	-10,740,000	2,760,000

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Emergency cost-sharing to farmers	\$10,259,431	\$40,112,497	-\$37,352,497	\$2,760,000
Technical assistance	<u>752,279</u>	<u>3,488,043</u>	<u>-3,488,043</u>	<u>--</u>
Total available	11,011,710	43,600,540	-40,840,540	2,760,000
Unobligated balance brought forward from prior years ..	-18,612,250	-30,100,540	+30,100,540	--
Unobligated balance carried forward to next year	<u>30,100,540</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation	22,500,000	13,500,000 a/	-10,740,000	2,760,000

a/ The fiscal year 1993 total appropriation includes \$10.5 million in contingency funding that was authorized for ECP by the Dire Emergency Supplemental Appropriations Act of 1992, P.L. 102-368, to be available only after an official budget request from the President. These contingency funds were made available on December 30, 1992, in accordance with provisions of P.L. 102-368.

EXPLANATION OF PROGRAM

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (P.L. 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is available when, as a result of wind, floods, hurricanes or other natural disasters, new conservation problems are created which (1) if not treated, will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage that is unusual in character and, except for wind erosion, is not the type that would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use. Also, payments may be made to agricultural producers who carry out emergency water conservation or water enhancing measures during periods of severe drought as determined by the Deputy Administrator, State and County Operations, ASCS.

Cost-sharing may be offered for emergency conservation measures only to replace or restore a practice or to restore the land to a condition similar to that existing prior to the natural disaster, and may not be offered for the solution of conservation problems existing prior to the disaster involved.

Emergency conservation measures or practices for which cost-sharing may be authorized are:

- Practice EC1. Removing debris from farmland, including farmsteads and roadways.
- Practice EC2. Grading, shaping, releveling or similar measures to restore farmland.
- Practice EC3. Restoring permanent fences.
- Practice EC4. Restoring structures and other installations.
- Practice EC5. Emergency wind erosion control measures.
- Practice EC6. Drought emergency measures
- Practice EC7. Other emergency conservation measures.

Practices EC1 through EC5 are subject to approval by the ASCS county committee. Practices EC6 and EC7 additionally require prior approval by the Deputy Administrator, State and County Operations, ASCS.

JUSTIFICATION OF DECREASES

- (1) A decrease of \$9,660,000 for emergency cost-sharing to farmers (\$12,420,000 available in fiscal year 1993).

Need for Change. In fiscal year 1992 Hurricanes Andrew and Iniki caused severe damage in four States, as did Typhoon Omar on Guam. Because of the devastation in those areas, \$27 million in supplemental funding was provided by the Emergency Supplemental Appropriations Act of 1992, P.L. 102-368, to remain available through fiscal year 1993. Of that amount, \$16.5 million was made immediately available in fiscal year 1992, but \$10.5 million was available only upon an official request from the President.

The President submitted a request for the contingency funds, which were made available on December 30, 1992. Therefore, the fiscal year 1993 total appropriation of \$13.5 million includes \$12.420 million for cost-sharing of which \$9.660 million is contingency supplemental funding. A decrease of \$9.660 million in budget authority will return the level of funding to the \$2.760 million appropriation level available for cost-sharing of fiscal year 1993 disasters. It is impossible to predict future disaster activity and, therefore, the need for funding above the fiscal year 1993 level for cost-sharing cannot be projected. In the event that additional needs arise in fiscal year 1994, funding will be addressed as necessary.

Nature of Change. The 1994 program will provide cost-sharing to farmers and ranchers to rehabilitate approximately 219,570 acres of farmland damaged by natural disasters.

- (2) A decrease of \$1,080,000 for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

The following tables show (a) outlays by State, fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Emergency Conservation Program
Fiscal Year 1992 Outlays by State

State	Outlays
Alabama	\$164,158
Arizona	329
Arkansas	70,491
California	31,106
Caribbean Area	113,102
Colorado	16,608
Connecticut	26,147
Georgia	884,452
Hawaii	97,354
Idaho	373,359
Illinois	200,358
Indiana	61,167
Iowa	890,933
Kansas	13,866
Louisiana	90,724
Maine	7,747
Massachusetts	1,390
Michigan	-376
Minnesota	57,016
Missouri	553,145
Montana	299,846
Nebraska	607,917
New Hampshire	17,126
New Mexico	135,320
New York	20,050
North Carolina	153,360
Ohio	738,535
Oklahoma	88,192
Oregon	271,855
Pennsylvania	92,205
South Carolina	137,366
South Dakota	926,955
Texas	1,269,826
Utah	15,170
Vermont	3,000
Virginia	20,940
Virgin Islands	-4,500
Washington	349,924
Wisconsin	21,657
Wyoming	24,149
Undistributed	-740,071
ASCS Subtotal	8,101,898
SCS Technical Assistance	752,279
Total	\$8,854,177

Emergency Conservation Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	\$5,956	\$258,508	--
Arizona	14,129	1,221,200	--
Arkansas	-42,802	0	--
California	65,828	440,825	--
Caribbean Area	152,379	0	--
Colorado	16,608	0	--
Connecticut	25,147	182,747	--
Florida	7,983	0	--
Georgia	327,026	916,529	--
Hawaii	93,406	320,577	--
Idaho	838,416	850,728	--
Illinois	91,069	0	--
Indiana	38,516	536,871	--
Iowa	548,123	762,896	--
Kansas	-1,108	0	--
Kentucky	0	110,000	--
Louisiana	84,720	182,069	--
Maine	7,747	0	--
Massachusetts	-4,708	8,459	--
Michigan	-376	39,376	--
Minnesota	0	64,000	--
Mississippi	19,156	360,292	--
Missouri	451,299	174,944	--
Montana	1,005,873	426,409	--
Nebraska	98,801	329,048	--
Nevada	28,185	133,437	--
New Hampshire	17,126	0	--
New Mexico	77,312	64,436	--
New York	20,050	0	--
North Carolina	239,488	155,512	--
Ohio	964,730	166,965	--
Oklahoma	-84,202	30,000	--
Oregon	145,686	104,204	--
Pennsylvania	103,209	19,125	--
South Carolina	97,840	898,906	--
South Dakota	1,282,327	461,887	--
Tennessee	0	6,324,757	--
Texas	3,755,648	0	--
Utah	15,170	0	--
Vermont	7,819	25,181	--
Virginia	43,815	224,375	--
Washington	434,462	334,784	--
West Virginia	11,271	3,729	--
Wisconsin	-18,767	4,383	--
Wyoming	24,149	0	--
Undistributed	-749,075	-714,662	\$2,760,000
ASCS Subtotal	10,259,431	15,272,497	2,760,000
Hurricanes Andrew & Iniki, Typhoon Omar			
Florida	0	21,618,000	--
Guam	0	100,000	--
Hawaii	0	2,600,000	--
Louisiana	0	2,662,000	--
Mississippi	0	20,000	--
Undistributed	0	-2,160,000	--
ASCS Subtotal	0	24,840,000	--
ASCS Total	10,259,431	40,112,497	--
SCS Technical Assistance	752,279	3,488,043	--
Total, Available or Estimate	\$11,011,710	\$43,600,540	\$2,760,000

NOTE: Negative obligations represent deobligation of prior years' obligations.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Forestry Incentives Program

For necessary expenses, not otherwise provided for, to carry out the program of forestry incentives, as authorized in the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2101), [including technical assistance and related expenses, \$12,446,000] \$11,504,000, to remain available until expended, as authorized by that Act.

The change in language deletes authority for expenditures for technical assistance using funds appropriated for the FIP. Beginning in fiscal year 1994, it is proposed that technical assistance formerly included in this account be funded by the Salaries and Expenses account of the proposed Farm Service Agency.

FORESTRY INCENTIVES PROGRAM

Appropriations Act, 1993	\$12,446,000
Budget Estimate, 1994	<u>11,504,000</u>
Decrease in Appropriation	<u>-942,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Cost-sharing to landowners ..	\$11,201,000	+\$303,000	\$11,504,000
Technical assistance	<u>1,245,000</u>	<u>-1,245,000</u>	<u>--</u>
Total Available	<u>12,446,000</u>	<u>-942,000</u>	<u>11,504,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
Cost-sharing to landowners	\$11,201,000	\$11,201,000	+\$303,000(1)	\$11,504,000
Technical assistance	<u>1,245,000</u>	<u>1,245,000</u>	<u>-1,245,000(2)</u>	<u>--</u>
Total, Appropriation ..	12,446,000	12,446,000	-942,000	11,504,000

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
Cost-sharing to landowners	\$11,517,717	\$12,766,913	-\$1,262,913	\$11,504,000
Technical assistance	<u>1,245,000</u>	<u>1,250,546</u>	<u>-1,250,546</u>	<u>--</u>
Total available ..	12,762,717	14,017,459	-2,513,459	11,504,000
Unobligated balance brought forward from prior years	-1,888,176	-1,571,459	+1,571,459	--
Unobligated balance carried forward to next year	<u>1,571,459</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation ..	12,446,000	12,446,000	-942,000	11,504,000

EXPLANATION OF PROGRAM

The appropriation "Forestry Incentives Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Cooperative Forestry Assistance Act of 1978, as amended by section 1214 of the Food, Agriculture, Conservation, and Trade Act of 1990. Its purpose is to encourage the development, management, and protection of nonindustrial,

private forest lands to increase the production of timber and enhance other forest resources. The program is carried out through annual and long-term cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees.

Under the 1993 program, cost-sharing and technical assistance totaling \$12,446,000 will be provided to plant trees on approximately 156,600 acres and to improve timberstand on approximately 32,200 acres of forest. This program level would result in an estimated 106.5 million trees planted.

JUSTIFICATION OF INCREASE AND DECREASE

- (1) An increase of \$303,000 for cost-sharing to landowners (\$11,201,000 available in fiscal year 1993).

Need for Change. The fiscal year 1994 budget requests \$11.504 million for cost-share assistance to landowners. This level is a \$303 thousand increase above the level available for this purpose in FY 1993, and is needed in fiscal year 1994 to maintain the same level of forestry practices projected for fiscal year 1993.

Nature of Change. The Forestry Incentives Program currently provides funding for cost-sharing agreements with private landowners who improve a stand of forest trees or plant trees. Program funds are currently used to reimburse the Forest Service for technical assistance. Beginning in fiscal year 1994, technical assistance is proposed to be funded within the administrative expenses budget of the proposed Farm Service Agency. Only financial assistance to producers will remain in this account.

- (2) A decrease of \$1,245,000 for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

The following tables show (a) outlays for fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Forestry Incentives Program
Fiscal Year 1992 Outlays by State

State	Outlays
Alabama	1,000,298
Arizona	2,452
Arkansas	801,406
California	65,052
Colorado	7,494
Connecticut	6,672
Delaware	54,904
Florida	1,043,296
Georgia	1,389,014
Idaho	59,840
Illinois	93,773
Indiana	88,011
Iowa	58,388
Kansas	2,068
Kentucky	65,270
Louisiana	618,556
Maine	56,428
Maryland	130,496
Massachusetts	59,772
Michigan	86,734
Minnesota	70,172
Mississippi	680,740
Missouri	18,853
Montana	12,573
Nebraska	650
New Hampshire	68,614
New Jersey	520
New Mexico	358
New York	93,959
North Carolina	714,263
Ohio	147,932
Oklahoma	90,033
Oregon	629,100
Pennsylvania	85,594
Puerto Rico	4,032
Rhode Island	6,533
South Carolina	1,123,058
South Dakota	27,991
Tennessee	91,932
Texas	558,268
Vermont	12,484
Virginia	838,775
Washington	351,034
West Virginia	61,279
Wisconsin	163,998
Wyoming	74,549
Undistributed	134,045
ASCS, Subtotal	11,751,093
FS Technical Assistance	1,224,452
TOTAL	12,975,545

Forestry Incentives Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	946,466	934,062	841,664
Alaska	-3,880	3,880	3,496
Arizona	-2,076	8,093	7,292
Arkansas	730,277	711,487	641,106
California	63,089	235,618	212,310
Colorado	-5,122	22,079	19,895
Connecticut	3,623	13,675	12,322
Delaware	91,832	115,413	103,996
Florida	1,091,687	1,143,799	1,030,654
Georgia	1,415,918	1,275,917	1,149,702
Idaho	32,979	48,095	43,337
Illinois	107,868	49,313	44,435
Indiana	78,774	97,487	87,844
Iowa	39,116	56,016	50,475
Kansas	4,599	11,483	10,347
Kentucky	46,397	103,843	93,571
Louisiana	640,910	655,428	590,593
Maine	56,077	53,748	48,431
Maryland	117,262	136,794	123,262
Massachusetts	52,107	56,337	50,764
Michigan	86,739	87,579	78,916
Minnesota	59,219	175,515	158,153
Mississippi	914,619	982,819	885,598
Missouri	21,501	125,039	112,670
Montana	6,639	10,173	9,167
Nebraska	-500	35,794	32,253
New Hampshire	40,723	41,042	36,982
New Jersey	845	23,062	20,781
New Mexico	8,833	18,464	16,638
New York	84,356	85,915	77,416
North Carolina	706,053	689,682	621,458
Ohio	158,517	160,865	144,952
Oklahoma	30,199	168,813	152,114
Oregon	510,270	511,598	460,990
Pennsylvania	55,769	150,178	135,322
Puerto Rico	30,666	16,495	14,863
Rhode Island	-922	4,899	4,414
South Carolina	1,023,793	1,036,623	934,079
South Dakota	25,037	21,729	19,580
Tennessee	113,465	153,569	138,378
Texas	508,944	622,396	560,828
Vermont	19,670	18,799	16,939
Virginia	793,483	873,738	787,307
Washington	354,556	352,444	317,580
West Virginia	68,458	60,066	54,124
Wisconsin	175,763	259,608	233,927
Wyoming	79,074	82,153	74,026
Undistributed	134,045	265,289	239,046
ASCS, Sub-total	11,517,717	12,766,913	11,504,000
FS Technical Assistance	1,245,000	1,250,546	--
Total, Available or Estimate	12,762,717	14,017,459	11,504,000

RURAL CLEAN WATER PROGRAM

Appropriations Act, 1993	--
Budget Estimate, 1994	--
Change in Appropriation	--

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Cost-sharing to farmers ..	\$267	--	--	--
Technical assistance	954,183	\$407,591	-\$407,591	--
Total available	954,450	407,591	-407,591	--
Recovery of prior year obligations	-126,211	--	--	--
Unobligated balance brought forward from prior years	-1,235,830	-407,591	+407,591	--
Unobligated balance carried forward to next year	407,591	--	--	--
Total, Appropriation	--	--	--	--

EXPLANATION OF PROGRAM

The experimental Rural Clean Water Program is authorized by the Agriculture, Rural Development and Related Agencies Appropriation Acts of 1980 (P.L. 96-108) and 1981 (P.L. 96-528).

The purpose of the program is to develop and test means of controlling agricultural nonpoint source water pollution in rural areas. It provides long-term financial and technical assistance to landowners and operators to improve water quality and meet water quality goals. Under the program, participants agree to install and maintain practices as specified in an approved water quality plan. The effectiveness of the practices in reducing identified pollutants entering a stream or lake or leaving their source is evaluated.

Federal technical assistance is provided by the Soil Conservation Service, Forest Service, Economic Research Service, and the Environmental Protection Agency. Nonfederal technical assistance is provided by local agencies and/or conservation districts.

The experimental program encompasses 21 project areas, which contain a multiplicity of pollution-causing materials (nutrients/fertilizers, toxics/pesticides, organics/bacteria, sediment, dissolved solids, etc.). Recommended project areas were developed by local and State committees and approved by the Secretary of Agriculture in consultation with the Administrator of the Environmental Protection Agency.

Full funding is provided for all projects on a current dollar basis. Application of the construction cost index (from the Department of Commerce Composite of Construction Cost Index, Bureau of the Census, Construction Statistics Division) to the original approvals is used to project future budgetary requirements. Activities represented in the 1994 Budget require no additional funding. Projects have been fully funded by 1980 and 1981 appropriations.

The following tables show (a) outlays by State, fiscal year 1992, (b) geographic breakdown of obligations for fiscal years 1992–1994, and (c) costs by project.

Rural Clean Water Program
Fiscal Year 1992 Outlays by State

State	Outlays
Florida	\$54,509
Idaho	40,347
Illinois	12,095
Iowa	1,428
Kansas	13,963
Kentucky	22,456
Louisiana	91,179
Maryland	121,775
Minnesota	73,414
Nebraska	126,914
Oregon	271,462
Pennsylvania	24,208
South Dakota	36,551
Tennessee	121,948
Wisconsin	58,388
Undistributed	706,065
ASCS, Subtotal	1,776,702
Technical Assistance	2,135,327
TOTAL	\$3,912,029

Rural Clean Water Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Alabama	--	--	--
Delaware	--	--	--
Florida	--	--	--
Idaho	--	--	--
Illinois	--	--	--
Iowa	--	--	--
Kansas	--	--	--
Kentucky	--	--	--
Louisiana	--	--	--
Maryland	--	--	--
Massachusetts	- 126,211	--	--
Michigan	--	--	--
Minnesota	--	--	--
Nebraska	--	--	--
Oregon	--	--	--
Pennsylvania	--	--	--
South Carolina	--	--	--
South Dakota	--	--	--
Tennessee	--	--	--
Vermont	--	--	--
Virginia	--	--	--
Wisconsin	--	--	--
Undistributed	126,478	407,591	--
ASCS, Subtotal	267	--	--
Technical Assistance	954,183	407,591	--
Total, Available or Estimate	954,450	407,591	--

NOTE: Negative obligations represent deobligation of prior years' obligations.

RURAL CLEAN WATER PROGRAM PROJECTS

<u>Project</u>	<u>Location</u>	<u>Actual Cost 1/</u>	<u>Status</u>
Lake Tholocco	Alabama	\$1,772,064	Implemented in 1980. 80% of its critical acres and 100% of its best management practice (BMP) funds are under contract.
Appoquinimink	Delaware	887,256	Implemented in 1980. 87% of its critical acres and 99% of its BMP funds are under contract.
Taylor Creek-Nubbin Slough/ Lower Kissimmee River	Florida	3,278,631	The Taylor Creek-Nubbin Slough project was implemented in 1981. 87% of its critical acres and 98% of its BMP funds are under contract. Lower Kissimmee River was added in 1988. 58% of its critical acres and 62% of its BMP funds are under contract.
Rock Creek	Idaho	5,376,943	Implemented in 1980. 73% of its critical acres and 96% of its BMP funds are under contract. Selected as one of five comprehensive monitoring and evaluation (CM&E) projects.
Highland Silver Lake	Illinois	3,974,691	Implemented in 1980. 82% of its critical acres and 95% of its BMP funds are under contract. A CM&E project.
Prairie Rose Lake	Iowa	655,891	Implemented in 1980. 97% of its critical acres and 83% of its BMP funds are under contract.
Upper Wakarusa	Kansas	2,131,691	Implemented in 1980. Has been terminated.

Reelfoot Lake	Kentucky	900,443	Implemented in 1980. 64% of its critical acres and 90% of its BMP funds are under contract.
Bonne Idee	Louisiana	4,234,762	Implemented in 1980. 75% of its critical acres and 88% of its BMP funds are under contract.
Double Pipe Creek	Maryland	5,064,038	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
Westport River	Massachusetts	667,085	Implemented in 1981. 67% of its critical acres and 88% of its BMP funds are under contract.
Saline Valley	Michigan	2,613,885	Implemented in 1980. 32% of its critical acres and 100% of its BMP funds are under contract.
Garvin Brook	Minnesota	2,580,422	Implemented in 1981. 42% of its critical acres and 100% of its BMP funds are under contract.
Long Pine Creek	Nebraska	2,409,388	Implemented in 1981. 79% of its critical acres and 99% of its BMP funds are under contract.
Tillamook Bay	Oregon	5,447,461	Implemented in 1981. 99% of its critical acres and 100% of its BMP funds are under contract.
Conestoga Headwaters	Pennsylvania	4,051,797	Implemented in 1981. 40% of its critical acres and 79% of its BMP funds are under contract. A CM&E project.
Oakwood Lake Poinsett	South Dakota	3,552,215	Implemented in 1981. 61% of its critical acres and 63% of its BMP funds are under contract. A CM&E project.

Reelfoot Lake	Tennessee	4,384,462	Implemented in 1980. 58% of its critical acres and 99% of its BMP funds are under contract.
Snake Creek	Utah	373,553	Implemented in 1980. 100% of its critical acres and 100% of its BMP funds are under contract.
St. Albans Bay	Vermont	5,089,482	Implemented in 1980. 75% of its critical acres and 100% of its BMP funds are under contract. A CM&E project.
Nansemond-Chuckatuck	Virginia	2,152,814	Implemented in 1981. 75% of its critical acres and 92% of its BMP funds are under contract.
Lower Manitowoc	Wisconsin	2,399,205	Implemented in 1980. 57% of its critical acres and 88% of its BMP funds are under contract.
Subtotal		63,998,179	
Technical Assistance, National Association of Conservation Districts		<u>1,821</u>	
TOTAL		<u>\$64,000,000</u>	

- 1/ Includes funds for best management practices, information and education, Federal and nonfederal technical assistance, and comprehensive monitoring and evaluation. A best management practice is a single practice or a system of practices to improve water quality included in the approved RCWP project application that reduces or prevents agricultural nonpoint source pollution. Comprehensive monitoring and evaluation involves the monitoring of water quality analysis of samples, evaluation of results, and analysis of socioeconomic impact on the affected population.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Water Bank Program

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), [\$18,620,000] \$17,130,000, to remain available until expended.

WATER BANK PROGRAM

Appropriations Act, 1993	\$18,620,000
Budget Estimate, 1994.....	17,130,000
Change in Appropriation.....	<u>-1,490,000</u>

SUMMARY OF INCREASES AND DECREASES

(on basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Annual payments to landowners	\$17,130,000	--	\$17,130,000
Technical assistance	<u>1,490,000</u>	<u>-1,490,000</u>	<u>--</u>
Total Available	<u>18,620,000</u>	<u>-1,490,000</u>	<u>17,130,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Annual payments to landowners	\$17,130,000	\$17,130,000	--	\$17,130,000
Technical assistance	<u>1,490,000</u>	<u>1,490,000</u>	<u>-\$1,490,000(1)</u>	<u>--</u>
Total, Appropriation	18,620,000	18,620,000	-1,490,000	17,130,000

PROJECT STATEMENT

(On basis of available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Annual payments to landowners	\$16,978,229	\$20,312,030	-\$3,182,030	\$17,130,000
Technical assistance	<u>953,455</u>	<u>1,490,000</u>	<u>-1,490,000</u>	<u>--</u>
Total available	17,931,684	21,802,030	-4,672,030	17,130,000
Unobligated balance brought forward from prior years ..	-2,493,713	-3,182,030	+3,182,030	--
Unobligated balance carried forward to next year	<u>3,182,030</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total, Appropriation	18,620,000	18,620,000	-1,490,000	17,130,000

EXPLANATION OF PROGRAM

The appropriation "Water Bank Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, as amended by the Public Law 96-182, approved January 2, 1980.

Its purpose is to conserve water, preserve, maintain, and improve migratory waterfowl habitat and other wildlife resources, and secure other environmental benefits through long-term land use agreements with landowners and operators in important migratory waterfowl nesting, breeding, and feeding areas that have been specifically designated by the Secretary.

The Secretary enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

The Secretary carries out the program in coordination with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to ensure coordination.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$1,490,000 for technical assistance which is being proposed for funding under the Farm Service Agency in fiscal year 1994.

Need for Change: Beginning in fiscal year 1994, technical assistance formerly included in this account is proposed to be funded within the administrative expenses budget of the proposed Farm Service Agency. Only financial assistance to producers will remain in this account.

Nature of Change: In fiscal year 1994, the budget requests \$17.130 million for entering into 10-year agreements with landowners. The budget request of \$17.130 million would protect approximately 106,000 acres of wetlands and adjacent lands in important migratory waterfowl nesting, breeding, and feeding areas. It would permit renewal of approximately 1,000 expiring agreements, as well as provide funding to enter into new 10-year agreements. Funds would be directed to the States considered to have the most valuable wetlands and adjacent lands as identified by United States Department of Interior studies. Equal consideration would be given to applications for renewal or new agreements.

The following tables show (a) outlays for fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Water Bank Program
Fiscal Year 1992 Outlays By State

State	Outlays
Arkansas	\$485,398
California	448,537
Louisiana	653,675
Michigan	3,579
Minnesota	1,899,059
Mississippi	882,340
Montana	202,259
Nebraska	179,452
North Dakota	3,055,400
Ohio	11,399
South Dakota	1,415,635
Wisconsin	586,771
Undistributed	205
Tech. Assist.	953,455
Total	\$10,777,164

Water Bank Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
Arkansas	\$1,095,493	\$1,492,030	--
California	806,087	1,018,820	--
Kentucky	0	185,547	--
Louisiana	793,806	1,716,806	--
Maine	0	0	--
Michigan	0	40,061	--
Minnesota	3,311,411	2,965,649	--
Mississippi	1,726,790	2,158,437	--
Montana	189,927	266,123	--
Nebraska	401,814	500,556	--
North Dakota	4,287,929	4,111,161	--
Ohio	201,408	463,793	--
South Dakota	2,941,624	2,937,498	--
Wisconsin	1,221,735	1,214,511	--
Undistributed	205	1,241,038	\$17,130,000
Tech. Assist. a/	953,455	1,490,000	--
Total, Available or Estimate	\$17,931,684	\$21,802,030	\$17,130,000

a/ Beginning in 1994, it is proposed that technical assistance formerly included in this account be funded within the proposed Farm Service Agency.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored):

Wetlands Reserve Program

For necessary expenses to carry out the Wetlands Reserve Program pursuant to subchapter C of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837), \$370,260,000, to remain available until expended: Provided, That none of the funds made available under this heading shall be used for technical assistance: Provided further, That the Secretary is authorized to use the services, facilities, and authorities of the Commodity Credit Corporation for the purpose of carrying out the Wetlands Reserve Program.

The requested appropriation language would provide funding to carry out the purposes of the Wetlands Reserve Program in fiscal year 1994.

WETLANDS RESERVE PROGRAM

Appropriations Act, 1993	--
Budget Estimate, 1994	<u>\$370,260,000</u>
Increase in Appropriation	<u>+370,260,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993</u> <u>Estimated</u>	<u>Other</u> <u>Changes</u>	<u>1994</u> <u>Estimated</u>
Financial Assistance:			
Easement payments	--	+\$334,260,000	\$334,260,000
Cost-sharing	--	+29,250,000	29,250,000
Easement overhead costs .	--	+6,750,000	6,750,000
Subtotal	--	+370,260,000	370,260,000
Technical assistance	--	--	--
Total Available	--	<u>+370,260,000</u>	<u>370,260,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1992</u> <u>Actual</u>	<u>1993</u> <u>Estimated</u>	<u>Increase or</u> <u>Decrease</u>	<u>1994</u> <u>Estimated</u>
Financial Assistance:				
Easement payments .	\$37,038,000	--	+\$334,260,000	\$334,260,000
Cost-sharing	2,616,000	--	+29,250,000	29,250,000
Easement overhead costs	517,000	--	+6,750,000	6,750,000
Subtotal	40,171,000	--	+370,260,000 (1)	370,260,000
Technical assistance	6,186,000	--	-- (2)	--
Total, Appropriation	46,357,000	--	+370,260,000	370,260,000

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1992</u> <u>Actual</u>	<u>1993</u> <u>Estimated</u>	<u>Increase or</u> <u>Decrease</u>	<u>1994</u> <u>Estimated</u>
Financial Assistance:				
Easement payments .	--	\$37,038,000	-\$37,038,000	--
Cost-sharing	--	2,616,000	-2,616,000	--
Easement overhead costs	--	517,000	-517,000	--
Subtotal	--	40,171,000	-40,171,000	--
Technical assistance	\$3,100,000	3,086,000	-3,086,000	--
Total, available	3,100,000	43,257,000	-\$43,257,000	--
Unobligated balance brought forward from prior years	--	-43,257,000	+43,257,000	--
Unobligated balance carried forward to next year	43,257,000	--	+370,260,000	370,260,000
Total, Appropriation	46,357,000	--	+370,260,000	370,260,000

EXPLANATION OF PROGRAM

The Wetlands Reserve Program (WRP) is a mandatory program (subject to the availability of appropriations) authorized by Section 1237 of the Food Security Act, as added by Section 1438 of the Food, Agriculture, Conservation, and Trade Act of 1990. It is one component of the larger Environmental Conservation Acreage Reserve Program (ECARP), which also includes the existing Conservation Reserve Program (CRP). The 1990 FACT Act requires the Secretary to enroll at least 40 million acres in ECARP by the end of 1995, including, to the extent practicable, 1 million acres in the WRP.

The primary objectives of the Wetlands Reserve Program are to preserve, protect, and restore wetlands, improve wildlife habitat, and protect migratory bird habitat. Wetland restoration will improve water quality and provide flood water retention, ground water recharge, open space, and aesthetic values. The Secretary of Agriculture, through designated ASCS county offices, uses program funds to enter into contracts with landowners who operate farmed or converted wetlands, farmed wetland or prior converted wetland and adjoining land or riparian corridors. The contracts provide permanent easements or easements of 30 years or the maximum allowable under State law. The Wetlands Reserve entails coordination and consultation with other USDA and non-USDA agencies, such as the Environmental Protection Agency. Technical assistance is provided by the Soil Conservation Service and Fish and Wildlife Service.

Under the WRP, the timing of compensation will depend upon whether or not easements are permanent. For non-permanent easements the law authorizes annual payments over a period of 5 to 20 years. The program decision has been made to issue 10 equal annual payments. For permanent easements, participants have the option to elect a lump-sum payment contingent upon completion of the required wetland restoration protection plan.

The fiscal year 1992 appropriation provided initial funding of \$46.357 million for a pilot program to enroll 50,000 acres. The total USDA acreage goal is 1 million acres by 1995.

Under the fiscal year 1992 program, landowners in the nine pilot States -- California, Iowa, Louisiana, Minnesota, Mississippi, Missouri, New York, North Carolina, and Wisconsin -- submitted non-binding intentions to participate in the WRP during the signup held June 15 - 26, 1992. To become eligible for acceptance in the WRP, landowners who submitted intentions were required to submit, within 90 days after the close of the signup period, bids indicating the total dollar amount they would accept for granting an easement on the land. Only offers of permanent easements were accepted.

Within 60 days after the signup period, the Soil Conservation Service met with the landowner and developed an initial Wetlands Reserve Plan of Operations (WRPO), with the assistance of the Fish and Wildlife Service. Within 90 days after the signup period, the Soil Conservation Service completed the development of the WRPO and reviewed the plan with the landowner.

Bids were evaluated at the county office level to determine whether the landowner and the land offered met basic eligibility requirements. Ineligible persons or land were disqualified.

To determine accepted bids, ASCS, at the national level, ranked the bids based on the environmental benefits per dollar of government expenditure for restoration and easement purchase. A formula was used to ensure that offers were not accepted in excess of the fair market value of agricultural land, as adjusted for soil productivity, landowners' cost of wetland restoration, long-term easement area operation and maintenance, and other factors. Upon acceptance of the bid the landowner was notified.

The Secretary of Agriculture announced on January 14, 1993, that farmers and ranchers in the nine pilot States had received tentative acceptance for enrollment of 49,888 acres into the Wetlands Reserve Program. Participants had the option to elect a lump-sum payment contingent upon completion of the required wetland restoration and protection plan, or 10 equal annual installments. During the plan's implementation, a participant will receive 10 percent of the total bid amount annually, with the remainder paid upon completion of all restoration practices according to the option selected. Compensation will be in cash as specified in the contract, but will not exceed the fair market value of the land. The program also provides landowners cost-share assistance of up to 75 percent of eligible restoration costs.

Easement acquisition rates for the 1992 WRP pilot accepted acres averaged \$722.65 per acre for lump sum easement payments, \$833.41 for annual installment easement payments, and \$52.43 per acre for cost-sharing of restoration costs. Easement overhead costs averaged about \$10.35 per accepted acre and include surveys, title searches, abstracts, attorney fees, and certain appraisal costs. SCS technical assistance is \$124.00 per accepted acre.

The bid acceptance process is lengthy, and it is estimated that 6 months to a year may elapse between the time a landowner signs up for the program and the time that funds for the easement can be legally obligated.

Appropriations requested are to fully fund all program costs up front, even though payments may be made over a multi-year period.

JUSTIFICATION OF INCREASE

- (1) An increase of \$370,260,000 for Wetlands Reserve Program easement payments, cost-sharing, and easement overhead costs (no fiscal year 1993 funding was made available to operate the program).

Need for Change. The 1994 request of \$370.26 million will support a nationwide program to protect and restore wetlands and protect and enhance habitat for migratory birds and other wildlife. The FACT Act requires the Secretary of Agriculture to enroll, to the extent practicable, 1 million acres in the WRP by the end of 1995. 49,988 acres have been tentatively accepted in the 1992 pilot program. Pending the results of the first signup, Congress provided no funding for the program in fiscal year 1993, but directed the Department to provide a report, which was submitted in February 1993. The 1994 budget proposes signup of 450,000 acres. Together with the 1992 acres, this will bring enrollment to about half the total acreage goal, with 500,112 acres remaining for signup in 1995.

Nature of Change. The 1994 budget request is based on the results of the 1992 pilot program signup. The assumed rates per accepted acre are:

- \$723 for lump-sum easement payments
- \$833 for annual installment easement payments
- \$65 for restoration
- \$15 for overhead costs, including surveys, title searches, abstracts, attorney fees, and appraisals.

The budget assumes that the majority of participants, as in the pilot program, will choose lump-sum easement payments rather than annual installment payments.

The requested funding would provide:

- \$334.3 million for easement payments
- \$29.3 million for cost-sharing
- \$6.8 million for easement overhead costs.

- (2) No funds are proposed for technical assistance. The budget proposes that beginning in fiscal year 1994 technical assistance be funded under the Farm Service Agency.

The following tables show (a) outlays for fiscal year 1992 and (b) geographic breakdown of obligations for fiscal years 1992-1994.

Wetlands Reserve Program
Fiscal Year 1992 Outlays By State

State	Outlays
California	\$0
Iowa	0
Louisiana	0
Minnesota	0
Mississippi	0
Missouri	0
New York	0
North Carolina	0
Wisconsin	0
SCS Tech. Assist.	0
Total	\$0

Wetlands Reserve Program
Geographic Breakdown of Obligations
Fiscal Year 1992 and Estimated Fiscal Years 1993 and 1994

State	1992 Actual	1993 Estimated	1994 Estimated
California	\$0	\$10,020,785	--
Iowa	0	5,319,450	--
Louisiana	0	8,137,016	--
Minnesota	0	676,701	--
Mississippi	0	8,918,153	--
Missouri	0	2,421,653	--
New York	0	203,479	--
North Carolina	0	3,090,926	--
Wisconsin	0	1,083,005	--
SCS Tech. Assist.	3,100,000	3,086,074	--
Easement			
Overhead costs.	--	299,758	--
Total, Available or Estimate a/	\$3,100,000	\$43,257,000	--

- a/ The 1993 Appropriation Act did not provide funding for a signup in FY 1993. The FY 1992 unobligated balance of \$43.257 million will be used in FY 1993 to obligate 1992 easement contracts, and related costs. The FY 1994 appropriation request of \$370.260 million will be used in FY 1995 to obligate FY 1994 easement contracts, and related costs.

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[Conservation Operations]

[For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f) including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant materials centers; classification and mapping of soil; dissemination of information; acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100; purchase and erection or alteration or improvement of permanent and temporary buildings; and operation and maintenance of aircraft, \$576,539,000, to remain available until expended (7 U.S.C. 2209b); of which not less than \$5,713,000 is for snow survey and water forecasting and not less than \$8,064,000 is for operation and establishment of the plant materials centers: Provided, That except for \$2,399,000 for improvements of the plant materials centers, the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$10,000, except for one building to be constructed at a cost not to exceed \$100,000 and eight buildings to be constructed or improved at a cost not to exceed \$50,000 per building and except that alterations or improvements to other existing permanent buildings costing \$5,000 or more may be made in any fiscal year in an amount not to exceed \$2,000 per building: Provided further, That when buildings or other structures are erected on non-Federal land that the right to use such land is obtained as provided in 7 U.S.C. 2250a: Provided further, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a-590f) in demonstration projects: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: Provided further, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service (16 U.S.C. 590e-2).]

This change proposes deletion of the Conservation Operations appropriations language and establishing new language in the Salaries and Expenses appropriations of the Farm Service Agency to carry out these activities.

Conservation Operations

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1992		1993 estimated		Increase or Decrease	1994 estimated*	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Technical assistance.....	\$477,919,768:	8,544:	\$490,186,200:	8,750:	:	:	:
2. Soil surveys....	72,554,000:	1,161:	72,554,000:	1,188:	:	:	:
3. Snow survey and water forecasting.....	5,713,000:	75:	5,713,000:	77:	:	:	:
4. Operation of plant materials centers.....	8,064,000:	131:	8,064,000:	134:	:	:	:
Total available estimate.....	\$564,250,768:	9,911:	\$576,517,200:	10,149:	:	:	:
Transfer to Dept....	+98,000:	--:	+212,000:	--:	:	:	:
Transfer from Rental	-219,768:	--:	-190,200:	--:	:	:	:
Total, appropriat'n.	\$564,129,000:	9,911:	\$576,539,000:	10,149:	:	:	:

*NOTE: These activities are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

(On basis of available funds)

Project	1992		1993 estimated		Increase or Decrease	1994 estimated*	
	Amount	Staff: Years	Amount	Staff: Years		Amount	Staff: Years
1. Technical assistance.....	\$477,557,948:	8,544:	\$490,186,200:	8,750:	:	:	:
2. Soil surveys....	72,657,970:	1,161:	72,554,000:	1,188:	:	:	:
3. Snow survey and water forecasting....	5,717,906:	75:	5,713,000:	77:	:	:	:
4. Operation of plant materials centers.....	8,055,990:	131:	8,064,000:	134:	:	:	:
Total direct obligations.....	563,989,814:	9,911:	576,517,200:	10,149:	:	:	:
Unobligated balance lapsing.	(260,954)	--:	--:	--:	:	:	:
Adjusted appropriation.....	(564,250,768)	(9,911)	(576,517,200)	(10,149)	:	:	:
Reimbursable obligations:	:	:	:	:	:	:	:
1. Technical assistance.....	48,155,632:	930:	51,415,000:	975:	:	:	:
2. Soil surveys....	6,569,935:	127:	7,000,000:	136:	:	:	:
3. Snow survey and water forecasting....	248,923:	2:	265,000:	2:	:	:	:
4. Operation of plant materials centers.....	1,256,873:	20:	1,320,000:	20:	:	:	:
Total, reimbursable obligations.....	56,231,363:	1,079:	60,000,000:	1,133:	:	:	:
Obligational authority.....	\$620,221,177:	10,990:	\$636,517,200:	11,282:	:	:	:

*NOTE: These activities are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

SOURCES OF REIMBURSEMENTS

Project	1992	: 1993 estimated :		: 1994 estimated*	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:	Amount
Within USDA:					
Agricultural Stabil-					
ization & Conserva-					
tion Service.....	\$28,241,670:	718:	\$30,585,000:	758:	
Office of Interna-					
tional Cooperation					
& Development.....	634,448:	10:	1,000,000:	15:	
Other.....	8,625,233:	44:	8,866,000:	44:	
Other Federal.....	8,175,822:	124:	8,444,000:	126:	
Non-Federal:					
State and Counties					
for Soil Surveys..	3,060,416:	61:	3,385,000:	68:	
Other.....	7,493,773:	122:	7,720,000:	122:	
Total reimbursements	\$56,231,362:	1,079:	\$60,000,000:	1,133:	

*NOTE: These activities are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

EXPLANATION OF PROGRAM

The appropriation "Conservation Operations," funds four Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590-590f); and the Soil and Water Resources Conservation Act of 1977, (16 U.S.C. 2001-2009). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture, and reduce damage caused by floods and sedimentation. Activities include:

1. Technical assistance - The Soil Conservation Service provides technical assistance within 2,941 conservation districts. These districts, formed under State enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the Nation. In cooperation with conservation districts, the Soil Conservation Service provides technical help to more than 1.8 million district cooperators, who are primarily farmers and ranchers, having land use and conservation problems. More than 1 million district cooperators receive help on an annual basis. Over 18,000 State and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1992.

Conservation plans developed by landusers consist of their decisions to achieve conservation objectives, and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment.

Installation services are provided to cooperating land users to help them apply planned conservation systems. These services include site investigation, designs and specifications, construction plans, and layout of practices.

Technical assistance is currently being provided to implement the highly erodible land, wetland, and Conservation Reserve Program (CRP) provisions of the 1985 Food Security Act as amended by the Food, Agriculture, Conservation and Trade Act of 1990. SCS field technicians make the highly erodible land and wetland determinations and assist landusers in the preparation of conservation plans and application of practices needed to ensure compliance with the law. Producers had

until December 31, 1989, to have an approved conservation plan developed on all highly erodible cropland in order to retain their eligibility for USDA farm program benefits. The approved conservation measures must then be installed by December 31, 1994. As of October 1992, 3.4 million highly erodible land determinations and 2.6 million wetland determinations had been made; conservation plans were completed for 140.4 million acres and conservation systems were applied on 79 million acres. After the twelfth program sign up, the CRP has 36.5 million acres enrolled in 380,648, 10-year contracts which reduce erosion by 698 million tons annually (18 tons per acre).

Technical services are also provided to individuals and groups participating in the Agricultural Conservation Program (ACP) for site selection, layout, or establishment of specified conservation practices; and to those farmers who enter into contracts under the CRP. Technical assistance for CRP was also provided to complete and/or modify conservation plans and to implement the plans under contracts signed in prior years. It is estimated that technical assistance was provided for the ACP on approximately 83,000 farms and 4.6 million acres.

This item also funds the inventory and monitoring, resource appraisal and program development activities of the Soil Conservation Service. Natural and related resource data, other than soil survey data, are collected and interpreted for National assessments, and provided to users for resource programming and planning decisions. In addition, special resource inventories are made of wind erosion conditions in the Great Plains, and for identification of important farmlands and areas with critical erosion rates. Nationwide appraisals of soil, water, and related resources are conducted on a periodic basis and future long-range conservation programs are developed to help USDA, soil and water conservation districts, and other Federal, State and local agencies identify the highest priority problems and the present and likely future demands on the soil, water, and related resources of the Nation.

Overall accomplishments under the Conservation Technical Assistance program for 1992 and 1993 are as follows. These activities will be carried out under the authorities of the Salaries and Expenses account of the Farm Service Agency in fiscal year 1994:

	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>	<u>FY 1994</u> <u>Estimate</u>
Decisionmakers receiving technical services (000's).....	1,213	1,250	
Acres treated through conservation technical assistance (000's).....	60,258	60,300	
Tons of soil erosion reduced (000's).	299,370	314,300	

2. Soil surveys - Special investigations and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other Federal agencies, land grant universities, other State agencies, and local units of government. The published soil survey for a county or designated area includes maps and interpretations with explanatory information that is the foundation of resource planning and decision making for Federal, State, county, and local community programs. Special reports are prepared and released as needed for local uses. Current program emphasis is being placed on project mapping and soils

interpretation assistance to private individuals and other Federal, State and local decision makers who received a diminished level of technical assistance during the acceleration of mapping on Food Security Act impacted land where soil survey information was not available. Emphasis is also being placed on designing mapping units and providing interpretations that will address water quality assessments and the wetland and highly erodible land provisions of the Food Security Act.

Actual and projected accomplishments for the soil survey program are as follows:

	FY 1992 <u>Actual</u>	FY 1993 <u>Estimate</u>	FY 1994 <u>Estimate</u>
Acres mapped annually by SCS (millions).....	30.4	29.1	
Soil surveys ready for publication (number).	53	60	

3. Snow survey and water forecasting - Snow survey and water forecasting provides a valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 10 million acres of irrigated land in the Western States and Alaska are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are used extensively by a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply, and water quality management.
4. Operation of plant materials centers - Plant materials centers are operated for testing, selection, and providing for the commercial production of plants for erosion control, water quality, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the 26 centers includes cooperation with State and Federal agencies, commercial businesses, and seed and nursery associations to encourage release, production, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 200 new conservation plant varieties from this program are in large scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. Nine new conservation plants were released for conservation purposes during FY 1992.

OIG Reports

50990-28-AT	9/29	USDA Laboratories Hazardous Materials Management.
50990-31-AT	7/29	Compliance with Anti-Lobbying (P.L. 101-21).
506000-3-KC	3/92	Conservation Reserve Program Bid Evaluation Procedures.
50600-2-AT	In Progress	Cleanup Costs Under Selected interagency Agreements.
10099-3-FM	In Progress	Security of Computer Systems.
10099-11-KC	In Progress	Status Review Process for Conservation Plans.
03099-162-KC	In Progress	Wetlands Provisions of FSA.
03600-25-KC	In Progress	Survey of Wetland Reserve Program.
50600-3-KC	In Progress	Conservation Compliance Reviews.

GAO Reports

RCED-92-79FS	12/91	Overview of USDA and Other Federal Wetland Conservation Efforts.
RCED-92-139FS and	4/92	Information on USDA's Water Quality Cost-Share Programs.
RCED-92-202R	7/92	Letter Report: Soil Conservation Service Reorganization
RCED-92-245R	9/92	Review of Research and Extension Issues.
RCED-92-150528 In Progress		Interim Review of 1995 Farm Bill.
RCED-92-150040 In Progress		Survey of Strategic Information Management Methodologies
510829 In Progress		Review of Federal Job Classification for Discrimination.
966406 In Progress		

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SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1992 and Estimated 1993 and 1994
CONSERVATION OPERATIONS

	1992		1993		1994	
	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>
ALABAMA.....	\$10,801,745	213	\$10,838,682	215		
ALASKA.....	2,328,140	31	2,477,238	33		
ARIZONA.....	5,519,234	87	6,041,199	95		
ARKANSAS.....	10,309,263	194	10,385,032	196		
CALIFORNIA....	14,609,506	257	14,614,686	258		
COLORADO.....	12,962,917	247	13,314,902	256		
CONNECTICUT....	1,999,508	32	1,994,840	32		
DELAWARE.....	1,495,235	16	1,532,217	16		
FLORIDA.....	8,089,732	131	8,085,176	132		
GEORGIA.....	12,348,348	247	12,487,116	251		
HAWAII.....	3,399,843	52	3,524,203	54		
IDAHO.....	9,548,745	169	9,116,849	162		
ILLINOIS.....	14,968,691	307	15,059,162	311		
INDIANA.....	12,310,582	237	12,893,363	249		
IOWA.....	20,722,259	415	21,377,140	430		
KANSAS.....	18,256,416	386	18,763,807	399		
KENTUCKY.....	12,901,334	263	13,202,762	270		
LOUISIANA.....	8,644,618	162	8,411,397	158		
MAINE.....	2,921,862	56	3,051,182	58		
MARYLAND.....	5,315,399	91	5,255,212	90		
MASSACHUSETTS..	2,544,331	43	2,538,404	43		
MICHIGAN.....	10,729,423	158	10,737,044	158		
MINNESOTA.....	12,870,899	252	13,345,484	262		
MISSISSIPPI....	11,083,609	199	11,348,300	205		
MISSOURI.....	18,170,013	344	18,733,426	356		
MONTANA.....	14,977,204	291	15,113,193	296		
NEBRASKA.....	15,291,904	305	15,647,378	314		
NEVADA.....	3,190,961	54	3,302,984	56		
NEW HAMPSHIRE..	1,962,989	35	2,000,140	36		
NEW JERSEY.....	3,325,118	53	3,118,975	49		
NEW MEXICO.....	7,738,989	145	8,080,691	152		
NEW YORK.....	9,427,967	157	9,171,898	153		
NORTH CAROLINA.	10,851,611	193	10,940,626	195		
NORTH DAKOTA...	12,153,494	243	12,456,532	250		
OHIO.....	10,760,110	198	11,474,813	211		
OKLAHOMA.....	12,539,170	234	13,055,964	245		
OREGON.....	8,439,482	149	8,653,003	153		
PACIFIC BASIN..	967,597	14	1,000,070	14		
PENNSYLVANIA...	8,781,828	164	8,974,128	168		
PUERTO RICO....	3,150,921	57	3,107,252	57		
RHODE ISLAND...	885,507	15	976,623	16		
SOUTH CAROLINA.	6,526,401	131	6,499,947	130		
SOUTH DAKOTA...	9,400,900	190	9,758,076	198		
TENNESSEE.....	11,428,344	208	11,826,519	216		
TEXAS.....	35,466,310	668	36,634,175	694		
UTAH.....	6,009,752	107	6,014,694	108		
VERMONT.....	2,528,036	46	2,532,799	46		
VIRGINIA.....	8,955,548	157	9,401,783	165		
WASHINGTON.....	10,173,617	193	10,509,404	200		
WEST VIRGINIA..	5,419,879	108	5,606,918	112		
WISCONSIN.....	11,140,000	211	11,583,895	220		
WYOMING.....	5,668,999	102	5,785,321	105		
CHESTER NTC....	2,682,968	40	2,752,352	41		
FORT WORTH NTC.	15,230,073	212	13,783,636	193		
LINCOLN NTC....	11,043,101	179	11,456,012	186		
PORTLAND NTC...	6,573,775	73	6,470,422	72		
NATIONL HDQTRS.	46,445,607	390	49,698,154	409		
TOTAL available or estimate..	<u>\$563,989,814</u>	<u>9,911</u>	<u>\$576,517,200</u>	<u>10,149</u>		

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Great Plains Conservation Program

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p(b)), [~~\$25,271,000~~] \$16,307,000, to remain available until expended (16 U.S.C. 590p(b)(7)).

Great Plains Conservation Program

Appropriation Act, 1993.....	\$25,271,000
Budget Estimate, 1994.....	<u>16,307,000</u>
Decrease in Appropriation.....	<u><u>-\$8,964,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994* Estimated</u>
Great Plains Conservation Program:			
1. Cost-sharing assistance.....	\$16,367,000	-\$60,000	\$16,307,000
2. Cost-share program and contract administration.....	2,849,000	-2,849,000	-0-
3. Technical assistance.....	6,055,000	-6,055,000	-0-
TOTAL AVAILABLE.....	<u>\$25,271,000</u>	<u>-\$8,964,000</u>	<u>\$16,307,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1992 Amount</u>	<u>1992 :Staff: :Years:</u>	<u>1993 estimated Amount</u>	<u>1993 estimated :Staff: :Years:</u>	<u>Increase or Decrease</u>	<u>1994 estimated* Amount</u>	<u>1994 estimated* :Staff: :Years:</u>
Great Plains Conserva- tion Program:							
1. Cost-sharing assistance.....	\$16,179,000:	--:	\$16,367,000:	--:	-\$60,000:	\$16,307,000:	--
2. Cost-share program and contract administration.....	2,909,000:	52:	2,849,000:	53:	-2,849,000:	-0-:	--
3. Technical assistance.....	6,183,000:	120:	6,055,000:	114:	-6,055,000:	-0-:	--
Total Appropriation...	<u>\$25,271,000:</u>	<u>172:</u>	<u>\$25,271,000:</u>	<u>167:</u>	<u>-\$8,964,000:</u>	<u>\$16,307,000:</u>	<u>--</u>

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency in 1994.

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1992 Amount</u>	<u>1992 :Staff: :Years:</u>	<u>1993 estimated Amount</u>	<u>1993 estimated :Staff: :Years:</u>	<u>Increase or Decrease</u>	<u>1994 estimated* Amount</u>	<u>1994 estimated* :Staff: :Years:</u>
Direct obligations:							
Great Plains Conserva- tion Program:							
1. Cost-sharing assistance.....	\$17,529,290:	--:	\$16,730,506:	--:	-\$423,506:	\$16,307,000:	--
2. Cost-share program and contract administration.....	2,901,484:	52:	2,849,000:	53:	-2,849,000:	-0-:	--
3. Technical assistance.....	6,165,652:	120:	6,055,000:	114:	-6,055,000:	-0-:	--
Total direct oblig....	26,596,426:	172:	25,634,506:	167:	-\$9,327,506:	16,307,000:	--
Unobligated balance brought forward.....	(-1,688,931)	(--)	(-363,506)	(--)	(+363,506)	(--)	(--)
Unobligated balance carried forward.....	(+363,506)	(--)	(--)	(--)	(--)	(--)	(--)
Adjusted appropriation	(25,271,000)	(172)	(25,271,000)	(167)	(-8,964,000)	(16,307,000)	(--)
Reimbursable oblig....	7,943:	--:	20,000:	--:	-20,000:	-0-:	--
Obligational authority	<u>\$26,604,369:</u>	<u>172:</u>	<u>\$25,654,506:</u>	<u>167:</u>	<u>-\$9,347,506:</u>	<u>\$16,307,000:</u>	<u>--</u>

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency in 1994.

SOURCES OF REIMBURSEMENTS

Project	1992 Actual	:	1993 estimated	:	Increase or Decrease	:	1994 estimated
Federal Sources.....	\$660	:	\$16,000	:	-\$16,000	:	-0-
Other Non-Federal Sources.....	7,283	:	4,000	:	-4,000	:	-0-
Total reimbursements.....	\$7,943	:	\$20,000	:	-\$20,000	:	-0-

OUTLAYS

Project	1992 Actual	:	1993 estimated	:	Increase or Decrease	:	1994 estimated
Great Plains Conservation Program:		:		:		:	
1. Cost-sharing assistance.....	\$13,702,708	:	\$14,711,000	:	+\$2,350,000	:	\$17,061,000
2. Cost-share program and contract administration.....	2,859,554	:	2,853,000	:	-2,625,000	:	228,000
3. Technical assistance.....	6,076,552	:	6,064,000	:	-5,580,000	:	484,000
Total Outlays.....	\$22,638,814	:	\$23,628,000	:	-\$5,855,000	:	\$17,773,000

EXPLANATION OF PROGRAM

Authorization: The appropriation for "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Section 16(b) of the Soil Conservation and Domestic Allotment Act (PL 74-46) as amended by PL 84-1021. PL 101-624 amended PL 84-1021 to extend the Great Plains cost-share contracting authority to September 30, 2001.

Authorization limits: Total cumulative appropriations of \$1,000,000,000 are authorized for cost-sharing. Cost-sharing payment in any one fiscal year may not exceed \$50,000,000. Through September 30, 1992, \$384,259,372 have been paid out in cost-shares.

This program is in addition to other USDA soil and water conservation programs in the counties designated for participation, and is coordinated with programs and objectives of locally managed conservation districts, State agencies, and community groups.

Potential Workload:

Estimated acreage in the 556 designated counties that could come under Great Plains contracts.....	<u>Acres (in 000's)</u> 210,000
---	------------------------------------

Current Activity:

Land under active contracts as of September 30, 1992.....	19,384
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The purpose of the program is to assist farmers and ranchers in planning and applying resource management systems on their farms and ranches to prevent or reduce the effects of the climatic hazards of the area. Benefits to be achieved are protection and improvement of soil, water, plant, and wildlife resources through reduction of erosion and sedimentation, and abatement of agriculture-related pollution. A secondary benefit of the program is its impact on stabilizing the local economy. Payments are made to program participants for a share of the cost of installing eligible conservation practices scheduled in contracts, including, among others, terraces, permanent vegetative cover, re-establishing grasslands and pipelines.

PROGRAM RESULTS	FY 1992:	FY 1993:	FY 1994
	Actual:	Estimate:	Estimate
Active Contracts - beginning of year.....	5,780:	6,336:	6,536
New Contracts signed.....Annual	1,185:	1,200:	1,150
	Cumulative	69,479:	70,679: 71,829
Contracts Completed and Terminated.....Annual	-629:	-1,000:	-1,000
	Cumulative	62,989:	63,989: 64,989
Active Contracts - end of year.....	6,336:	6,536:	6,686
Active applications on hand beginning of year	2,580:	2,700:	3,000
Active applications on hand end of year.....	2,700:	3,000:	3,400
Number of participants serviced.....Annual	6,965:	7,536:	7,686
Acres in new contracts (1,000).....Annual	4,036:	3,660:	3,508
Acres treated (1,000)Cumulative	151,113:	154,773:	158,281

JUSTIFICATION OF INCREASES AND DECREASES

A net decrease of \$8,964,000 which reflects the following:

- (a) A decrease of \$60,000 in financial assistance which reflects the streamlining of the agency.
- (b) A decrease of \$8,904,000 which reflects the Administration policy of establishing a single Farm Services Agency in which technical assistance in all SCS programs will be combined with ASCS and FmHA into a single "salaries and expenses" account.

Need for Change. The decrease in funds is necessary to streamline USDA operations to achieve more efficient and effective farm services.

Nature of Change. The funding decrease is associated with streamlining USDA farm services by consolidating staffs and offices into a single Farm Service Agency. The funds decreased are being included in a single "Salaries and Expenses" account for a USDA Farm Service Agency.

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1992 and Estimated 1993 and 1994
GREAT PLAINS CONSERVATION PROGRAM

	1992		1993		1994	
	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>	<u>AMOUNT</u>	<u>STAFF YEARS</u>
COLORADO	\$2,076,848	15	\$2,116,665	14	\$1,275,800	--
KANSAS	2,528,977	16	2,541,164	15	1,628,000	--
MONTANA	2,335,541	16	2,261,895	15	1,549,000	--
NEBRASKA	2,394,001	16	2,438,985	15	1,600,000	--
NEW MEXICO	1,925,160	8	1,389,756	8	940,600	--
NORTH DAKOTA	1,867,200	14	1,873,648	14	1,193,700	--
OKLAHOMA	1,897,696	12	1,976,130	12	1,341,800	--
SOUTH DAKOTA	2,443,833	17	2,327,177	16	1,437,900	--
TEXAS	6,619,011	39	6,248,260	38	4,122,500	--
WYOMING	1,640,253	10	1,681,986	10	1,117,700	--
FORT WORTH NTC	99,905	1	90,213	1	--	--
LINCOLN NTC	55,000	1	66,156	1	--	--
PORTLAND NTC	55,001	1	56,133	1	--	--
NATIONAL HDQTRS	658,000	6	566,338	5	--	--
Total available or estimate	<u>\$26,596,426</u>	<u>172</u>	<u>\$26,959,931</u>	<u>165</u>	<u>\$16,307,000</u>	<u>--</u>

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Resource Conservation and Development

For necessary expenses [in planning] and carrying out projects for resource conservation and development and for sound land use pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), [and] the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461), [~~\$32,516,000~~] \$5,828,000: Provided, That [~~\$600,000~~] \$616,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the [Farmers Home Administration] Farm Service Agency (7 U.S.C. 1931)[: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109].

Resource Conservation and Development

Appropriation Act, 1993.....	\$32,516,000
Budget Request, 1994.....	5,828,000
Increase in Appropriation.....	<u>-\$26,688,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1993 Estimated	Other Changes	1994* Estimated
Resource Conservation and Development:			
1. Technical assistance.....	\$26,781,000	-\$26,781,000	--
2. Financial assistance.....	5,675,000	+153,000	\$5,828,000
3. Loan services.....	60,000	-60,000	--
TOTAL AVAILABLE.....	<u>\$32,516,000</u>	<u>-\$26,688,000</u>	<u>\$5,828,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Amount	: Staff: : Years:	1993 estimated Amount	: Staff: : Years:	Increase or Decrease	1994 estimated* Amount	: Staff: : Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$25,929,000	: 488	\$26,781,000	: 433	-\$26,781,000	--	--
2. Financial assistance.....	6,527,000	: --	5,675,000	: --	+153,000	\$5,828,000	: --
3. Loan services.....	60,000	: 2	60,000	: 2	-60,000	--	--
Total available.....	<u>\$32,516,000</u>	: 490	<u>\$32,516,000</u>	: 435	<u>-\$26,688,000</u>	<u>\$5,828,000</u>	: --

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency for 1994.

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Amount	: Staff: : Years:	1993 estimated Amount	: Staff: : Years:	Increase or Decrease	1994 estimated* Amount	: Staff: : Years:
Resource Conservation and Development:							
1. Technical assistance.....	\$31,323,945	: 488	\$27,884,000	: 433	-\$27,884,000	--	--
2. Financial assistance.....	2,234,289	: --	7,197,281	: --	-1,369,281	\$5,828,000	: --
3. Loan services.....	60,000	: 2	60,000	: 2	-60,000	--	--
Total direct oblig.....	<u>\$33,618,234</u>	: 490	<u>\$35,141,281</u>	: 435	<u>-\$29,313,281</u>	<u>\$5,828,000</u>	: --
Unobligated balance brought forward.....	(-3,727,515)	: (--)	(-2,625,281)	: (--)	(+2,625,281)	(--)	(--)
Unobligated balance carried forward.....	(+2,625,281)	: (--)	(--)	: (--)	(--)	(--)	(--)
Appropriation total	(32,516,000)	: (490)	(32,516,000)	: (435)	(-26,688,000)	(5,828,000)	: (--)
Reimbursable obligations:							
Resource Conservation and Development:							
(a) Technical assistance.....	368,871	: 6	288,000	: 6	-288,000	--	--
(b) Financial assistance.....	585,604	: --	712,000	: --	--	712,000	: --
Total reimbursable obligations.....	<u>954,475</u>	: 6	<u>1,000,000</u>	: 6	<u>-288,000</u>	<u>712,000</u>	: --
Obligational authority.....	<u>\$34,572,709</u>	: 496	<u>\$36,141,281</u>	: 441	<u>-\$29,601,281</u>	<u>\$6,540,000</u>	: --

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency for 1994.

SOURCES OF REIMBURSEMENTS

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Federal Sources.....	\$596,707	\$ 746,000	-\$200,000	\$546,000
Non-Federal Sources....	357,768	254,000	- 88,000	166,000
Total Reimbursements...	<u>\$954,475</u>	<u>\$1,000,000</u>	<u>-\$288,000</u>	<u>\$712,000</u>

OUTLAYS

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Resource Conservation and Development:				
(a) Technical				
assistance.....	\$28,187,424	\$26,973,000	-\$23,998,000	\$2,975,000
(b) Financial				
assistance.....	4,817,000	6,782,000	-1,341,000	5,441,000
(c) Loan services....	60,000	60,000	-60,000	--
Total Outlays.....	<u>\$33,064,424</u>	<u>\$33,815,000</u>	<u>-\$25,399,000</u>	<u>\$8,416,000</u>

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" funds the activities authorized under Section 32(e) of Title III of the Bankhead-Jones Farm Tenant Act (Public Law 75-210), as amended and the Soil Conservation and Domestic Allotment Act of April 27, 1935, (Public Law 74-46), as amended and the provisions of the Agriculture and Food Act of 1981 (16 U.S.C. 3451-3461). Program assistance provided in authorized RC&D areas includes financial assistance under this appropriation and technical assistance for planning, implementation, and loan services under the proposed Farm Services Agency salaries and expenses appropriation.

Technical Assistance: Technical assistance is provided under the proposed Farm Services salaries and expenses appropriation.

Financial Assistance: Financial assistance is provided to eligible sponsors to install approved measures. Priority is given to measures related to erosion and sediment control (critical area treatment), flood prevention and farm irrigation, and efficiency in water short areas. Other purposes include soil and water management for control of agriculture-related pollutants, public water-based recreation developments, and public water-based fish and wildlife developments.

Loan Services Assistance: Loan services are provided under the proposed Farm Services Agency salaries and expenses appropriation.

MAIN WORKLOAD FACTORS

	1992 Actual	1993 Estimate	1994 Estimate
<u>Status of Authorized RC&D Areas:</u>			
RC&D areas authorized at beginning of year.....	209	236	247
New RC&D areas deauthorized during year.....	0	0	0
New RC&D areas authorized during year.....	27	11	0
RC&D areas authorized at end of year.....	236	247	247
Unserviced applications on hand...	52	50	75
<u>RC&D Measures:</u>			
Financially assisted:			
In Planning (BOY).....	325	352	324
New Plans in Year.....	231	180	150
New Plans Cumulative.....	4,109	4,289	4,439
Plans Completed in Year.....	270	204	163
Plans Completed Cumulative.....	3,719	3,923	4,086
Plans Cancelled in Year.....	2	4	4
Plans Cancelled Cumulative.....	38	42	46
Plans terminated.....	--	--	--
In Planning (EOY).....	352	324	307
Installation Underway (BOY).....	396	486	492
Installation Started in Year.....	270	204	163
Installation Started Cumulative..	3,719	3,923	4,086
Installation Completed in Year...	162	183	191
Installation Completed Cumulative	3,145	3,328	3,519
Projects cancelled in year.....	10	15	15
Projects terminated.....	--	--	--
Installation Underway (EOY).....	486	492	449
Plans Completed, Installation Not Yet Underway:			
Number.....	1,611	1,654	1,697
Cost (\$ in 000's).....	\$289,980	\$297,720	\$305,460
Measures Completed with Other than RC&D Financial Assistance:			
During Year.....	836	852	867
Cumulative.....	17,160	18,012	18,879

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net decrease of \$26,688,000 for the Resource Conservation and Development program consisting of:
- (a) An increase of \$153,000 which reflects a 2.7 percent increase in non-salary costs for financial assistance.
 - (b) A decrease of \$26,841,000 which reflects the Administration policy of establishing a single Farm Services Agency in which technical assistance in all SCS programs will be combined with ASCS and FmHA into a single "salaries and expenses" account.

Need for Change. The decrease in funds are associated with the streamlining of USDA operations to achieve more efficient and effective farm services. The increase in funds are needed in order to maintain financial assistance levels at the current services level. The additional funds would be used to cover estimated inflation for financial assistance costs to local sponsors financed under this program. Without these funds, program performance would be adversely impacted.

Nature of Change. The funds requested will provide for financial assistance to continue developing, improving, and conserving natural resources and assist with expanding employment and other economic opportunities for the population of rural areas. The RC&D program supports the national initiative on Rural Development which seeks local solutions to local problems. The decreased technical assistance is associated with the Administration policy of establishing a single Farm Services Agency.

SOIL CONSERVATION SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
 1992 and Estimated 1993 and 1994
 RESOURCE CONSERVATION AND DEVELOPMENT

	1992		1993		1994	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$952,450	18	\$1,145,019	12	\$312,700	--
ALASKA.....	185,994	2	125,621	2	7,100	--
ARIZONA.....	639,905	11	646,452	10	4,500	--
ARKANSAS.....	904,999	15	874,409	12	66,800	--
CALIFORNIA.....	467,999	6	363,388	5	34,700	--
COLORADO.....	734,909	14	770,124	10	96,200	--
CONNECTICUT....	305,925	6	262,583	4	0	--
DELAWARE.....	156,974	2	128,687	2	20,500	--
FLORIDA.....	388,174	5	401,491	4	115,800	--
GEORGIA.....	869,863	12	892,620	9	241,500	--
HAWAII.....	356,685	5	387,365	5	37,400	--
IDAHO.....	887,432	12	794,438	11	75,700	--
ILLINOIS.....	726,484	10	768,536	12	19,600	--
INDIANA.....	770,059	12	828,672	10	160,400	--
IOWA.....	906,990	14	895,683	13	74,800	--
KANSAS.....	634,992	11	545,905	9	80,200	--
KENTUCKY.....	1,072,244	15	1,075,094	12	276,200	--
LOUISIANA.....	433,998	8	552,620	6	146,100	--
MAINE.....	600,973	12	651,110	9	66,800	--
MARYLAND.....	264,005	5	256,043	4	23,200	--
MASSACHUSETTS..	227,071	4	289,559	4	15,100	--
MICHIGAN.....	762,889	11	813,857	9	211,200	--
MINNESOTA.....	556,131	11	1,086,815	10	377,800	--
MISSISSIPPI....	813,264	9	708,327	9	113,200	--
MISSOURI.....	706,008	12	640,772	9	66,800	--
MONTANA.....	609,000	11	645,085	10	0	--
NEBRASKA.....	259,000	4	256,375	3	27,600	--
NEVADA.....	128,099	2	146,190	1	47,200	--
NEW HAMPSHIRE..	124,000	2	139,025	2	20,500	--
NEW JERSEY.....	244,347	6	278,049	4	41,000	--
NEW MEXICO.....	854,901	11	1,009,536	11	256,600	--
NEW YORK.....	670,754	12	732,535	9	132,800	--
NORTH CAROLINA..	871,834	12	903,239	11	162,200	--
NORTH DAKOTA...	700,876	10	969,740	9	319,000	--
OHIO.....	914,775	12	897,480	12	98,900	--
OKLAHOMA.....	833,755	12	1,128,524	13	244,100	--
OREGON.....	386,355	8	418,466	4	107,800	--
PACIFIC BASIN..	97,509	0	127,156	2	0	--
PENNSYLVANIA...	820,584	13	771,634	11	47,200	--
PUERTO RICO....	263,998	3	259,702	3	72,200	--
RHODE ISLAND...	130,999	2	128,256	2	900	--
SOUTH CAROLINA..	579,819	11	611,372	6	185,300	--
SOUTH DAKOTA...	521,991	8	512,085	7	46,300	--
TENNESSEE.....	662,332	10	745,739	9	143,500	--
TEXAS.....	1,579,005	21	1,567,289	17	416,300	--
UTAH.....	484,147	8	790,748	9	167,500	--
VERMONT.....	229,920	4	273,648	4	37,400	--
VIRGINIA.....	462,020	5	489,874	7	53,500	--
WASHINGTON.....	363,675	5	409,034	5	78,400	--
WEST VIRGINIA..	727,416	10	909,688	9	276,200	--
WISCONSIN.....	458,662	6	561,601	7	86,400	--
WYOMING.....	541,060	8	555,460	7	114,900	--
CHESTER NTC....	80,767	1	82,588	1	0	--
FORT WORTH NTC..	442,830	2	284,928	4	0	--
LINCOLN NTC....	130,000	3	141,432	2	0	--
PORTLAND NTC...	79,825	1	83,621	1	0	--
NATIONL HDQTRS..	2,127,912	21	1,733,992	27	0	--
FOREST SERVICE..	849,650	2	512,000	2	0	--
FmHA.....	60,000	2	60,000	2	0	--
TOTAL available or estimate..	<u>\$33,618,234</u>	<u>490</u>	<u>\$35,141,281</u>	<u>435</u>	<u>\$5,828,000</u>	<u>--</u>

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[River Basin Surveys and Investigations]

[For necessary expenses to conduct research, investigation, and surveys of watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1006-1009), \$13,251,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C 3109.]

River Basin Surveys and InvestigationsPROJECT STATEMENT
(On basis of appropriation)

Project	1992	:	1993 Estimated	:	Increase	:	1994 Estimated
	Amount	:Staff:	Amount	:Staff:	or	:	:Staff
		Years:		Years:	Decrease		Amount
							Years
River Basin Surveys:							
1. USDA cooperative studies.....	\$7,689,000:	116:	\$7,689,000:	115:			
2. Flood plain mgmt. assistance.....	3,454,000:	52:	3,454,000:	52:			
3. Interagency coord. and program form..	2,108,000:	32:	2,108,000:	31:			
Total available or est	\$13,251,000:	200:	\$13,251,000:	198:			

*NOTE: These technical assistance and related staff years are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

PROJECT STATEMENT
(On basis of available funds)

Project	1992	:	1993 Estimated	:	Increase	:	1994 Estimated*
	Amount	:Staff:	Amount	:Staff:	or	:	:Staff
		Years:		Years:	Decrease		Amount
							Years
Direct obligations:							
River Basin Surveys:							
1. USDA cooperative studies.....	\$7,628,190:	116:	\$7,689,000:	115:			
2. Flood Plain management assistance....	3,419,085:	52:	3,454,000:	52:			
3. Interagency coord. and program form..	2,104,053:	32:	2,108,000:	31:			
Total direct oblig....	13,151,328:	200:	13,251,000:	198:			
Unobligated balance lapsing.....	(+99,672)	(--)	(--)	(--)			
Total available or est	(13,251,000)	(200)	(13,251,000)	(198)			
Reimbursable oblig....	668,097:	9:	1,000,000:	16:			
Obligational authority	\$13,819,425:	209:	\$14,251,000:	214:			

*NOTE: These technical assistance and related staff years are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

SOURCES OF REIMBURSEMENTS

Project	1992	:	1993	:	Increase or	:	1994*
	Actual	:	Estimated	:	Decrease	:	Estimated
River Basin Surveys:							
USDA cooperative studies.....	\$55,000	:	\$60,000	:			
Flood Insurance Studies.....	170,831	:	250,000	:			
Other Federal Sources.....	30,178	:	216,000	:			
Other Non-Federal Sources.....	412,088	:	474,000	:			
Total reimbursements.....	\$668,097	:	\$1,000,000	:			

*NOTE: These technical assistance and related staff years are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

OUTLAYS

Project	1992 : Actual	1993 : Estimated	: Increase or : Decrease	: 1994 Estimated
River Basin Surveys:	:	:	:	:
1. USDA Cooperative Studies.....	\$7,352,487:	\$7,847,000:	-\$6,693,000:	\$1,154,000
2. Flood plain management assistance	3,303,417:	3,526,000:	-3,008,000:	518,000
3. Interagency coordination and program formulation.....	2,015,862:	2,151,000:	-1,835,000:	316,000
Total Outlays.....	<u>\$12,671,766:</u>	<u>\$13,524,000:</u>	<u>-\$11,536,000:</u>	<u>\$1,988,000</u>

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations," funds three activities as authorized by Public Law 83-566, as amended. The Department cooperates with other Federal and State agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

1) USDA Cooperative Studies:

The Department participates in:

- Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development, and existing erosion and sediment problems.
- Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for conservation, use and development. Evaluations include:
 - Erosion and sediment damage to rural lands and properties,
 - Upstream floodwater damage to rural lands and properties,
 - Maintaining existing drainage of agricultural lands,
 - Agricultural drought problems and potential for water conservation,
 - Agricultural water needs for livestock and domestic use,
 - Forest-based industries,
 - Municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.

2) Flood plain management assistance:

- Is carried out in cooperation with State and local governments,
- Identifies flood hazards on selected flood plain reaches,
- Provides reports which include flood profiles and maps showing areas subject to flooding by select frequency floods,
- Provides information needed by State and local governments to implement land use and flood plain management programs.

3) Interagency Coordination and Program Formulation:

- Provides national policy and program leadership direction to studies of river basins, flood plain management, and Colorado River Salinity activities;
- Provides USDA participation in water policy and program coordination at the National level.
- Provides USDA membership and participation in the activities of three Federal-State Interagency Committees (SEBIAC, PSIAC, AWRBIAC), the Susquehanna and Delaware River Basin Commissions, and other regional entities involved in water and related resource planning and coordination.
- Provides reviews of proposed reports and water projects of other Departments and agencies.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1992 and 1993. These activities will be carried out under the authorities of the Salaries and Expenses account of the Farm Service Agency in fiscal year 1994:

	1992	1993	1994
1. Surveys in cooperation with State and other Federal agencies:			
a. Surveys in progress, start of year.....	74	76	
b. Surveys initiated during year.....	18	32	
c. Surveys worked during year.....	92	108	
d. Surveys completed during year.....	16	28	
e. Surveys in progress, end of year.....	76	80	
Cumulative total surveys initiated.....	419	451	
Cumulative total surveys completed.....	345	373	
Total Cost Cooperative Surveys (000's).....	\$7,628	\$7,689	
2. Flood Plain Management Assistance Program:			
a. States participating in Flood Plain Management Studies	22	16	
(1) Ongoing studies (SOY).....	72	73	
(2) New Studies.....	19	26	
(3) Completed Studies.....	18	38	
(4) Ongoing Studies (EOY).....	73	61	
(5) Cumulative total completed.....	543	581	
Total Cost Flood Plain Management Studies (000's)	\$3,419	\$3,454	
b. Reimbursable Flood Insurance Studies (non-add) (000's).....	(\$668)	(\$1,000)	
(1) Ongoing Studies (SOY).....	4	7	
(2) New Studies.....	11	6	
(3) Completed Studies.....	8	3	
(4) Ongoing Studies (EOY).....	7	10	
(5) Cumulative Total completed.....	534	537	
3. Interagency Coordination and Program Formulation (000's).....	\$2,104	\$2,108	
Total direct obligations (000's).....	\$13,151	\$13,251	

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1992 and Estimated 1993 and 1994
RIVER BASIN SURVEYS AND INVESTIGATION

	1992		1993		1994	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$399,902	6	\$205,235	6		
ALASKA.....	189,994	3	233,683	3		
ARIZONA.....	228,293	4	219,459	4		
ARKANSAS.....	295,000	6	335,284	6		
CALIFORNIA....	472,998	8	431,806	7		
COLORADO.....	182,960	3	174,754	3		
CONNECTICUT....	169,998	3	172,722	3		
DELAWARE.....	49,892	1	50,801	1		
FLORIDA.....	229,998	4	233,683	4		
GEORGIA.....	179,955	3	193,043	3		
HAWAII.....	229,240	2	121,922	2		
IDAHO.....	279,930	5	259,083	5		
ILLINOIS.....	251,288	4	218,443	4		
INDIANA.....	279,994	6	274,324	6		
IOWA.....	304,995	6	329,188	6		
KANSAS.....	234,995	4	223,523	4		
KENTUCKY.....	210,970	4	254,003	4		
LOUISIANA.....	189,906	4	223,523	4		
MAINE.....	66,002	2	40,641	1		
MARYLAND.....	90,000	2	101,601	2		
MASSACHUSETTS..	7,683	0	49,277	0		
MICHIGAN.....	241,993	4	223,523	4		
MINNESOTA.....	357,002	5	345,445	5		
MISSISSIPPI....	285,002	5	314,964	5		
MISSOURI.....	376,002	6	381,005	6		
MONTANA.....	179,999	3	162,562	3		
NEBRASKA.....	345,000	5	304,804	5		
NEVADA.....	49,998	1	66,041	1		
NEW HAMPSHIRE..	185,296	3	225,047	3		
NEW JERSEY.....	139,967	3	127,002	3		
NEW MEXICO.....	162,984	2	200,155	2		
NEW YORK.....	189,177	4	248,923	4		
NORTH CAROLINA.	260,002	4	233,683	4		
NORTH DAKOTA...	225,001	4	152,402	3		
OHIO.....	315,002	5	320,044	5		
OKLAHOMA.....	159,999	3	162,562	3		
OREGON.....	124,755	1	142,242	1		
PACIFIC BASIN..	29,449	1	30,480	1		
PENNSYLVANIA...	189,853	5	203,203	5		
PUERTO RICO....	0	0	50,801	0		
RHODE ISLAND...	66,004	1	76,201	1		
SOUTH CAROLINA.	224,998	5	254,003	5		
SOUTH DAKOTA...	129,981	2	136,146	2		
TENNESSEE.....	272,001	5	254,003	5		
TEXAS.....	187,999	3	243,843	3		
UTAH.....	103,349	2	121,922	2		
VERMONT.....	149,738	1	152,402	1		
VIRGINIA.....	179,995	3	203,203	3		
WASHINGTON.....	229,830	2	254,003	2		
WEST VIRGINIA..	249,956	4	284,484	4		
WISCONSIN.....	180,000	4	193,043	4		
WYOMING.....	240,004	3	223,523	3		
CHESTER NTC....	79,999	1	81,144	1		
FORT WORTH NTC.	388,864	1	329,646	1		
LINCOLN NTC....	199,999	4	164,316	4		
PORTLAND NTC...	104,767	1	107,514	1		
NATIONL HDQTRS.	1,021,978	5	1,080,718	5		
FOREST SERVICE.	781,392	9	850,000	10		
TOTAL available or estimate..	<u>\$13,151,328</u>	<u>200</u>	<u>\$13,251,000</u>	<u>198</u>		

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Watershed and Flood Prevention Operations

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, rehabilitation of existing works and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1009), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, [~~\$228,266,000~~] \$149,953,000 to remain available until expended (7 U.S.C. 2209b) (of which [~~\$40,272,000~~] \$24,514,000 shall be available for the watersheds authorized under the Flood Control Act approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a), as amended and supplemented): Provided, That [this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and] not to exceed [~~\$22,816,000~~] \$20,853,000 shall be available for emergency measures as provided by sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205)[, and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109]: Provided further, That [~~\$4,000,000~~] \$4,108,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the [Farmers Home Administration] Farm Service Agency (7 U.S.C. 1931): [Provided further, That not to exceed \$1,000,000 of this appropriation is available to carry out the purposes of the Endangered Species Act of 1973 (Public Law 93-205), as amended, including cooperative efforts as contemplated by that Act to relocate endangered or threatened species to other suitable habitats as may be necessary to expedite project construction.]

Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Watershed Operations	Small Watersheds Authorized by PL-566	Total Watersheds and Flood Prevention
Appropriation Act, 1993.....	\$40,272,000	\$34,816,000	\$165,178,000	\$240,266,000
Budget Estimate, 1994.....	24,514,000	20,853,000	104,586,000	149,953,000
Decrease in Appropriation.....	<u>-\$15,758,000</u>	<u>-\$13,963,000</u>	<u>-\$60,592,000</u>	<u>-\$90,313,000</u>

NOTE: The 1993 Emergency Watershed Operations program includes \$12,000,000 1992 supplemental.

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1993 Estimated	Other Changes	1994* Estimated
Watershed and Flood Prev. Oper:			
1. Wtrshd oper. auth by PL-534.....	\$40,272,000	-\$15,758,000	\$24,514,000
2. Emerg. watershed prot. oper.....	34,816,000	-13,963,000	20,853,000
3. Small wtrshd auth. by PL-566.....	165,178,000	-60,592,000	104,586,000
TOTAL AVAILABLE.....	<u>\$240,266,000</u>	<u>-90,313,000</u>	<u>\$149,953,000</u>

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency for 1994. The 1993 Emergency Watershed Operations program includes \$12,000,000 1992 supplemental.

PROJECT STATEMENT
(On basis of appropriation)

	1992	:	1993 estimated	:	Increase	:	1994
<u>estimated*</u>							
Project	Amount	:Staff: :Years:	Amount	:Staff: :Years:	or Decrease	:	Amount :Staff: :Years:
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$995,000:	19:	\$1,117,000:	19:	-\$1,117,000	:	--: --
(b) Technical assistance.....	13,646,000:	265:	15,321,000:	270:	-15,321,000	:	--: --
(c) Financial assistance for construction:							
Direct Federal contracting....	17,790,000:	--:	19,780,000:	--:	+632,000	:	\$20,412,000: --
Payment for contracting by local sponsors	3,580,000:	--:	3,974,000:	--:	+128,000	:	4,102,000: --
(d) Loan serv.(RDA)	80,000:	2:	80,000:	2:	-80,000	:	--: --
Subtotal, flood prevention.....	36,091,000:	286:	40,272,000:	291:	-15,758,000(1)	:	24,514,000: --
2. Emergency Watershed Protection Operation	70,028,000:	130:	34,816,000:	184:	-13,963,000(2)	:	20,853,000: --
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	59,356,500:	1,009:	63,662,500:	1,000:	-63,662,500	:	--: --
(b) Financial assistance for construction:							
Direct Federal contracting...	50,184,000:	--:	56,750,000:	--:	+1,816,000	:	58,566,000: --
Payment for contracting by local sponsors	39,434,000:	--:	44,593,000:	--:	+1,427,000	:	46,020,000: --
(c) Loan services..	172,500:	5:	172,500:	5:	-172,500	:	--: --
Subtotal, watershed operations.....	149,147,000:	1,014:	165,178,000:	1,005:	-60,592,000(3)	:	104,586,000: --
Total, avail. or est.	255,266,000:	1,430:	\$240,266,000:	1,480:	-\$90,313,000	:	\$149,953,000: --
Economic Stimulus....			46,961,000:			:	
Total President,s Bud			\$287,227,000:			:	

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency for 1994. The 1993 Emergency Watershed Operations program includes \$12,000,000 1992 supplemental.

PROJECT STATEMENT
(On basis of available funds)

Project	1992		1993 estimated		Increase or Decrease	1994 estimated*	
	Amount	:Staff: :Years:	Amount	:Staff: :Years:		Amount	:Staff: :Years:
1. Watershed operations authorized by PL-534:							
(a) Planning.....	\$1,035,234:	19:	\$1,080,000:	19:	-\$1,080,000:	--:	--
(b) Technical assistance.....	14,728,665:	265:	15,358,000:	270:	-15,358,000:	--:	--
(c) Financial assistance for construction:							
Direct Federal contracting...	12,021,672:	--:	25,958,492:	--:	-7,358,492:	\$18,600,000:	--
Payment for contracting by local sponsors	3,823,000:	--:	8,253,000:	--:	-2,339,000:	5,914,000:	--
(d) Loan services..	80,000:	2:	80,000:	2:	-80,000:	--:	--
Subtotal, flood prevention.....	31,688,571:	286:	50,729,492:	291:	-26,215,492:	24,514,000:	--
2. Emergency Watershed Protection Oper....	26,243,043:	130:	92,636,512:	184:	-71,783,512:	20,853,000:	--
3. Small watersheds authorized by PL-566:							
(a) Technical assistance.....	64,424,766:	1,009:	64,294,108:	995:	-64,294,108:	--:	--
(b) Financial assistance for construction:							
Direct Federal contracting...	53,572,150:	--:	78,971,146:	--:	-9,083,146:	69,888,000:	--
Payment for contracting by local sponsors	26,598,000:	--:	39,209,000:	--:	-4,511,000:	34,698,000:	--
(c) Loan services..	172,500:	5:	172,500:	5:	-172,500:	--:	--
Subtotal, watershed operations.....	144,767,416:	1,014:	182,646,754:	1,000:	-78,060,754:	104,586,000:	--
Total direct obligations.....	202,699,030:	1,430:	326,012,758:	1,480:	-176,059,758:	149,953,000:	--
Unobligated balance brought forward....	(-33,179,788)	--:	(-85,746,758)	--:	+85,746,758:	--:	--
Unobligated balance carried forward....	(+85,746,758)	--:	--:	--:	--:	--:	--
Appropriation.....	(\$255,266,000)	1,430	(\$240,266,000)	1,480:	(-\$90,313,000)	(\$149,953,000)	--

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account for the Farm Service Agency for 1994.

REIMBURSABLE OBLIGATIONS

Project	1992	:	1993 estimated	:	Increase	:	1994 estimated
	Amount	:Staff:	Amount	:Staff:	or	:	Amount
		Years:		Years:	Decrease		Years
Reimbursable obligations:	:	:	:	:	:	:	:
1. Watershed operations authorized by PL-534:	:	:	:	:	:	:	:
(a) Planning.....	--:	--:	--:	--:	--:	--:	--
(b) Technical assistance.....	\$162,138:	5:	\$750,000:	25:	-\$750,000:	--:	--
(c) Financial assistance for construction: Direct Federal contracting....	1,467,761:	--:	750,000:	--:	--:	\$ 750,000:	--
Subtotal, flood prevention.....	1,629,899:	5:	1,500,000:	25:	-750,000:	750,000:	--
2. Emergency Watershed Protection Operation.	2,456,694:	1:	3,000,000:	1:	-666,000:	2,334,000:	--
3. Small watersheds authorized by PL-566:	:	:	:	:	:	:	:
(a) Technical assistance.....	1,982,971:	29:	150,000:	5:	-150,000:	--:	--
(b) Financial assistance for construction: Direct Federal contracting....	7,873,921:	--:	5,350,000:	--:	--:	5,350,000:	--
Subtotal, watershed operations.....	9,856,892:	29:	5,500,000:	5:	-150,000:	5,350,000:	--
Total, reimbursable obligations.....	13,943,485:	35:	10,000,000:	31:	-1,566,000:	8,434,000:	--
Obligational authority.....	\$216,642,515:	1,465:	\$336,012,758:	1,506:	-\$184,493,758:	\$158,387,000:	--

SOURCES OF REIMBURSEMENTS

	1992	:	1993	:	Increase or	:	1994
	Actual	:	estimated	:	Decrease	:	estimated
Within USDA.....	\$60,057:	:	\$43,000:	:	-\$7,000:	:	\$36,000
Other Federal Agencies.....	3,204,918:	:	2,300,000:	:	-360,000:	:	1,940,000
Non-Federal Sources.....	10,678,510:	:	7,657,000:	:	-1,199,000:	:	6,458,000
Total reimbursements.....	\$13,943,485:	:	\$10,000,000:	:	-\$1,566,000:	:	8,434,000

OUTLAYS

	1992	:	1993	:	Increase or	:	1994
	Actual	:	estimated	:	Decrease	:	estimated
1. Watershed operations authorized by PL-534.....	\$21,776,069:	:	\$36,519,000:	:	-\$8,635,000:	:	\$27,884,000
2. Emergency Watershed Protection Operations.....	30,870,098:	:	92,019,000:	:	-66,248,000:	:	25,771,000
3. Small watersheds authorized by PL-566.....	148,220,472:	:	163,384,000:	:	-48,238,000:	:	115,146,000
Total Outlays.....	\$200,866,639:	:	\$291,922,000:	:	-\$123,121,000:	:	\$168,801,000

NOTE: The 1994 technical assistance outlays are reflected in the Salaries and Expenses account of the Farm Service Agency. The 1993 Emergency Watershed Operations program includes \$12,000,000 1992 supplemental.

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1005, 1007-1009) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and Sections 403-405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203-2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection. The technical assistance for these activities will be carried out under the authorities of the Salaries and Expenses account of the Farm Service Agency in fiscal year 1994. Activities include:

Watershed Operations Authorized by PL-534

The planning criteria, economic justifications, local sponsorship requirements, costsharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program. The Department helps install watershed improvement measures to reduce flood, sediment, and erosion damages; further the conservation, development, utilization, and disposal of water; further the conservation and proper utilization of land; and to accomplish other measures incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

<u>Subwatersheds Status</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
In construction.....	240	240	240
Continuing land treatment.....	74	74	74
Completed construction.....	117	117	117
In planning.....	24	24	24
Total subwatersheds.....	<u>455</u>	<u>455</u>	<u>455</u>

Emergency Watershed Protection Operations

Funding authority for FY 1993 is requested under Sections 403-05 of the Agricultural Credit Act of 1978. Funding is for such emergencies for runoff retardation and soil erosion prevention as may be needed to safeguard life and property from floods and the products of erosion on any watershed whenever flood, fire, drought, or any other natural element causes a sudden impairment of the watershed. The Department administers the program by providing technical assistance and arranging with local contractors to install most of the required measures.

Small Watershed Operations Authorized by PL-566

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

The following table shows the status of PL-566 watershed projects:

<u>Status of Operational Projects</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
Projects receiving land treatment.....	249	264	274
Projects under construction.....	327	303	307
New projects approved during the year....	11	30	29
Projects continuing post-instal assistance	35	45	56
Projects completed during year.....	10	10	10
Projects completed, cumulative.....	735	745	755
Projects not requiring funds.....	165	165	165
Total operational projects.....	<u>1,532</u>	<u>1,562</u>	<u>1,596</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease in appropriation of \$15,758,000 for Watershed Operations authorized by PL-534 (on the basis of available funds, there is a decrease of \$26,215,492).

Need for Change: The proposed budget reduction reflects the consolidation of USDA operations to achieve more efficient and effective farm services. Technical assistance activities for 1994 are reflected in the "Salaries and Expenses" account of the Farm Service Agency. Financial assistance funds are increased to maintain current services.

Nature of Change: The proposed funding level would provide funding to continue financial assistance at current levels. These projects serve the public interest by providing solutions to the county's most critical soil erosion problems, cropland and rural community flooding problems, and water conservation problems. Priorities for project construction are established considering the expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Emphasis is placed on completing projects that address national environmental concerns including upstream flood control projects, water quality improvement projects, and water conservation projects. Non-structural land treatment measures are emphasized because they are generally less expensive than structural measures and for their multipurpose effects in conservation practices on the farms in watersheds. Local cost-sharing is also being emphasized to reduce Federal expenditures. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

- (2) A decrease in appropriation of \$13,963,000 for Emergency Watershed Operations (on the basis of available funds, there is a decrease of \$71,783,512).

Need for Change: The proposed budget reduction reflects the consolidation of USDA operations to achieve more efficient and effective farm services. Technical assistance activities for 1994 are reflected in the "Salaries and Expenses" account of the Farm Service Agency.

Nature of Change: The proposed level of funding would provide financial assistance to complete contracts signed in prior years and to provide for an immediate response to exigency situations to reduce hazards to life and property in watersheds damaged by severe natural events occurring in 1994.

- (3) A decrease in appropriation of \$60,592,000 for Watershed Operations authorized by PL-566 (on the basis of available funds, there is a decrease of \$78,060,754).

Need for Change: The proposed budget reduction reflects the consolidation of USDA operations to achieve more efficient and effective farm services. Technical assistance activities for 1994 are reflected in the "Salaries and Expenses" account of the Farm Service Agency. Financial assistance funds are increased to maintain current services.

Nature of Change: The proposed funding level would provide funding to continue financial assistance at current levels. These projects serve the public interest by providing solutions to the county's most critical soil erosion problems, cropland and rural community

flooding problems, and water conservation problems. Priorities for project construction are established considering the expected project benefits, cost effectiveness, environmental impacts, and the readiness of local sponsors to proceed. Emphasis is placed on completing projects that address national environmental concerns including upstream flood control projects, water quality improvement projects, and water conservation projects. Non-structural land treatment measures are emphasized because they are generally less expensive than structural measures and for their multipurpose effects in conservation practices on the farms in watersheds. Local cost-sharing is also being emphasized to reduce Federal expenditures. Efforts are underway to work with local project sponsors to eliminate planned work that is no longer economically or environmentally feasible.

Distribution of Funds by Agency for Operating Flood Prevention Projects

	1992	: Brought Forward : Obligations: from 1992:	: 1993 Appropiation : (adjusted):	: Estimated Obligations : 1993	: Budget Estimate : 1994
<u>SOIL CONSERVATION SERVICE</u>					
Buffalo Creek, NY.....	132,406:	890:	232,697:	233,587:	109,416
Colorado (Middle), Texas..	1,066,847:	1,000,000:	2,719,846:	3,719,846:	883,000
Coosa, Georgia,	:	:	:	:	:
Tennessee	--:	--:	--:	--:	--
Little Sioux, Iowa.....	2,614,825:	17:	2,891,933:	2,891,950:	2,162,846
Little Tallahatchie, MS..	1,875,953:	725:	2,714,434:	2,715,159:	1,551,516
Los Angeles, California...	190,618:	--:	216,462:	216,462:	157,210
Potomac, MD, PA, VA,.	:	:	:	:	:
W. VA.....	7,083,931:	6,448,140:	12,071,006:	18,519,146:	5,860,882
Santa Ynez, California....	213,369:	21,326:	--:	21,326:	176,200
Trinity, Texas.....	1,774,073:	1,843,312:	2,150,550:	3,993,862:	1,467,871
Washita, Oklahoma, Texas..	3,134,641:	6,771:	3,187,404:	3,194,175:	2,593,479
Yazoo, Mississippi.....	11,544,357:	1,013,867:	11,987,668:	13,001,535:	9,551,580
Total, SCS.....	29,631,020:	10,335,048:	38,172,000:	48,507,048:	24,514,000

PL-566 Project Activity and Obligations

The following table shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated.

	1992		1993		1994	
	NO.	Dollars in Thousands	NO.	Dollars in Thousands	NO.	Dollars in Thousands
1. Projects approved for operation and estimated cost of completion:						
a. Uncompleted projects at start of year...	786	\$1,296,489	787	\$1,172,668	807	\$1,050,021
b. Projects approved during year.....	11	20,946	30	60,000	29	60,000
Total.....	797	1,317,435	817	1,232,668	836	1,110,021
2. Status of projects and amounts obligated:						
a. Projects inactive end of year.....	23	--	23	--	23	--
b. Deauthorized, cumulative.....	142	--	142	--	142	--
c. Projects approved during year.....	11	1,047	30	2,850	29	2,000

	1992		1993		1994	
	NO.	Dollars in Thousands	NO.	Dollars in Thousands	NO.	Dollars in Thousands
d. Projects receiving land treatment and engineering services	249	18,000	264	20,000	274	20,000
e. Projects continuing construction and land treatment.....	327	122,660	303	157,297	302	80,586
f. Projects with con- struction completed continuing post installation assistance.....	35	1,306	45	1,500	56	1,000
g. Projects completed during year.....	10	1,754	10	1,000	10	1,000
Subtotal.....	797	144,767	817	182,647	836	104,586
3. Uncompleted projects (cumulative) at end of year:						
a. Obligations to date.	787	2,553,892	807	2,735,539	826	2,839,125
b. Estimated cost of completion.....	--	1,172,668	809	1,050,021	828	1,005,435
4. Projects completed (cumulative and total cost).....	745	1,024,414	755	1,025,414	765	1,026,414
5. Total projects approved (cumulative and total cost).....	1,532	4,750,974	1,562	4,810,974	1,591	4,870,974
Total (cumulative obligations).....	1,532	\$3,578,306	1,562	\$3,760,953	1,591	\$3,865,539

SOIL CONSERVATION SERVICE
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
 1992 and Estimated 1993 and 1994
WATERSHED AND FLOOD PREVENTION OPERATIONS

	1992		1993		1994	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$1,820,078	18	\$2,294,885	17	\$977,100	--
ALASKA.....	3,418	0	2,072,109	5	1,239,700	--
ARIZONA.....	2,539,726	24	3,648,630	19	1,646,600	--
ARKANSAS.....	5,718,108	30	4,466,764	28	1,982,000	--
CALIFORNIA.....	9,697,404	40	5,508,972	30	2,282,400	--
COLORADO.....	817,886	8	2,527,747	6	1,415,400	--
CONNECTICUT....	3,258,201	10	1,507,587	10	593,600	--
DELAWARE.....	762,013	8	831,110	6	273,500	--
FLORIDA.....	2,792,291	12	15,356,153	42	8,531,700	--
GEORGIA.....	2,114,180	14	3,575,595	17	1,675,000	--
HAWAII.....	1,089,649	9	6,839,940	9	4,085,000	--
IDAHO.....	821,295	10	2,069,527	11	960,400	--
ILLINOIS.....	3,255,496	15	3,008,570	15	1,312,600	--
INDIANA.....	1,034,418	10	1,194,724	10	408,400	--
IOWA.....	6,787,812	55	7,206,972	54	3,052,500	--
KANSAS.....	5,913,952	35	5,520,430	34	2,373,600	--
KENTUCKY.....	3,194,683	15	3,311,549	16	1,607,900	--
LOUISIANA.....	2,796,019	35	15,111,104	63	8,343,600	--
MAINE.....	729,504	13	691,230	9	109,400	--
MARYLAND.....	390,598	4	417,537	3	91,200	--
MASSACHUSETTS..	812,329	10	995,832	9	291,700	--
MICHIGAN.....	1,558,986	10	1,645,937	8	719,000	--
MINNESOTA.....	2,448,105	19	3,131,653	21	1,370,200	--
MISSISSIPPI....	25,712,643	215	42,071,953	192	22,931,400	--
MISSOURI.....	7,529,319	42	6,024,716	35	2,654,300	--
MONTANA.....	755,909	12	1,155,838	11	342,700	--
NEBRASKA.....	2,980,769	17	2,949,473	16	1,353,400	--
NEVADA.....	109,998	1	657,473	1	361,000	--
NEW HAMPSHIRE..	535,645	8	236,450	3	0	--
NEW JERSEY.....	779,828	10	1,373,142	10	372,600	--
NEW MEXICO.....	5,012,837	21	14,268,911	22	9,042,200	--
NEW YORK.....	1,186,348	11	2,576,322	10	1,276,100	--
NORTH CAROLINA..	3,166,704	25	5,057,716	31	2,366,300	--
NORTH DAKOTA...	378,176	7	1,078,375	7	474,000	--
OHIO.....	3,998,237	18	3,649,166	19	1,656,300	--
OKLAHOMA.....	9,072,499	80	8,999,040	78	3,146,500	--
OREGON.....	1,650,001	10	1,669,432	9	707,300	--
PACIFIC BASIN..	173,370	0	615,456	3	291,700	--
PENNSYLVANIA...	3,814,722	22	6,350,743	21	3,500,200	--
PUERTO RICO....	1,244,446	9	7,454,691	20	4,083,600	--
RHODE ISLAND...	44,961	2	107,945	2	0	--
SOUTH CAROLINA..	1,538,457	15	2,420,182	15	1,126,600	--
SOUTH DAKOTA...	49,970	1	119,253	2	0	--
TENNESSEE.....	3,809,266	26	4,028,550	33	1,316,200	--
TEXAS.....	11,622,188	123	25,301,446	132	12,508,800	--
UTAH.....	846,663	9	2,084,099	11	974,200	--
VERMONT.....	1,162,995	10	1,050,837	9	331,800	--
VIRGINIA.....	3,270,719	27	7,102,166	34	3,215,800	--
WASHINGTON.....	1,472,588	21	2,411,037	18	816,700	--
WEST VIRGINIA..	28,465,032	68	43,358,841	86	26,366,400	--
WISCONSIN.....	1,450,046	10	5,165,370	10	3,139,200	--
WYOMING.....	279,972	3	671,528	3	255,200	--
CHESTER NTC....	1,463,714	21	1,609,289	21	0	--
FORT WORTH NTC.	2,349,273	29	2,556,834	28	0	--
LINCOLN NTC....	1,467,001	22	1,702,508	23	0	--
PORTLAND NTC...	1,190,456	15	1,203,639	14	0	--
NATIONL HDQTRS.	11,200,907	71	10,813,281	61	0	--
FOREST SERVICE.	2,304,719	37	2,930,000	41	0	--
FmHA.....	252,500	7	252,500	7	0	--
TOTAL available or estimate..	\$202,699,029	1,429	\$314,012,759	1,480	\$149,953,000	--

SOIL CONSERVATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

[Watershed Planning]

[For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), \$9,545,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.]

Watershed PlanningPROJECT STATEMENT
(On basis of appropriation)

	1992	:	1993 Estimated	:	Increase	:	1994 Estimated*
Project	Amount	:	Amount	:	or	:	Amount
	:Years:		:Years:		Decrease		:Years:
Watershed Planning.	\$9,545,000	:	156	:	\$9,545,000	:	155

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

PROJECT STATEMENT
(On basis of available funds)

	1992	:	1993 estimated	:	Increase	:	1994 estimated*
Project	Amount	:	Amount	:	or	:	Amount
	:Years:		:Years:		Decrease		:Years:
Direct Obligations:	:	:	:	:	:	:	:
Watershed Planning:	:	:	:	:	:	:	:
1. Small watershed planning auth-	:	:	:	:	:	:	:
orized by PL-566	\$9,519,219	:	156	:	\$9,545,000	:	155
Unobligated balance	:	:	:	:	:	:	:
lapsing.....	(+25,781)	:	--	:	--	:	--
Total avail. or est	(9,545,000)	:	(156)	:	(9,545,000)	:	(155)
Reimbursable oblig.	94,283	:	2	:	200,000	:	2
Obligational auth..	\$9,613,502	:	158	:	\$9,745,000	:	157

*NOTE: The technical assistance and related staff years are reflected in the Salaries and Expenses account of the Farm Service Agency in 1994.

SOURCES OF REIMBURSEMENTS

	1992	:	1993	:	Increase or:	:	1994
	Actual	:	Estimated	:	Decrease	:	Estimated
Within USDA.....	\$1,532	:	\$4,000	:	:	:	:
Other Federal Sources.....	--	:	--	:	:	:	:
Non-federal Sources.....	92,751	:	196,000	:	:	:	:
Total reimbursements.....	\$94,283	:	\$200,000	:	:	:	:

OUTLAYS

	1992	:	1993	:	Increase or:	:	1994
	Actual	:	Estimated	:	Decrease	:	Estimated
Small watershed planning authorized by PL-566.....	\$9,279,710	:	\$9,780,000	:	-\$8,348,000	:	\$1,432,000

EXPLANATION OF PROGRAM

The appropriation "Watershed Planning," funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares plans in cooperation with local sponsors. The planning activities consist of:

- Cooperation between the Federal Government and State governments and their political subdivisions in assisting local sponsoring organizations develop plans for proposed watershed projects,
- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,

- Studying alternatives to provide the best combination of land treatment, nonstructural, and structural measures for the protection, conservation, development, management, and utilization of land, water, and related resources,
- Compiling information that is the basis for mutual agreement by the Department, local organizations, and the public concerning the possible alternative solutions which will best meet environmental, social, and economic goals,
- Making environmental assessments concurrently with other planning efforts for every proposed watershed project, and
- Preparing environmental impact statements when applicable and making them available to the public.

The watershed plans:

- Identify the soil and water management problems in the watershed.
- List the steps that have been or are authorized to be taken to alleviate these problems.
- Outline the proposed works of improvement to be installed.
- Itemize the estimated benefits and costs.
- Set out the cost-sharing and operation and maintenance arrangements.
- Present other facts necessary to justify Federal participation in project development.

The following table lists actual and projected progress for small watershed applications, planning, and operations for fiscal years 1992 and 1993. These activities will be carried out under the authorities of the Salaries and Expenses account of the Farm Service Agency in fiscal year 1994:

<u>Activity</u>	<u>1992 Actual</u>	<u>1993 Estimate</u>	<u>1994 Estimate</u>
1. <u>Application for planning assistance:</u>			
On hand, cumulative, start of year...	2,402	2,431	
Net change during year.....	<u>29</u>	<u>20</u>	
On hand, cumulative, end of year....	2,431	2,451	
Consisting of:			
a. Authorized for planning.....	2,144	2,174	
b. Available for planning.....	287	277	
2. <u>Status of planning:</u>			
Authorized, cumulative, start of year	2,111	2,144	
LESS:			
Suspended or terminated, cumulative, start of year.....	521	522	
Completed, cumulative, start of year.	<u>1,523</u>	<u>1,534</u>	
SUBTOTAL:			
Planning in process, start of year...	67	88	
PLUS:			
New authorizations during year.....	33	30	
LESS:			
Terminated during year.....	1	6	
Completions during year.....	<u>11</u>	<u>30</u>	
Planning in process, end of year....	<u>88</u>	<u>82</u>	

<u>Activity</u>	<u>1992 Actual</u>	<u>1993 Estimate</u>	<u>1994 Estimate</u>
3. Status of projects in operations:			
Uncompleted projects start of year...	786	787	
Projects approved for operations.....	11	30	

SOIL CONSERVATION SERVICE
 GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
 1992 and Estimated 1993 and 1994
 WATERSHED PLANNING

	1992		1993		1994	
	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS	AMOUNT	STAFF YEARS
ALABAMA.....	\$174,926	3	\$179,831	3		
ALASKA.....	136,999	2	205,521	3		
ARIZONA.....	68,622	2	133,589	4		
ARKANSAS.....	188,989	4	195,245	4		
CALIFORNIA.....	414,999	7	395,628	7		
COLORADO.....	132,980	2	102,760	2		
CONNECTICUT....	45,900	1	96,595	2		
DELAWARE.....	104,873	2	102,760	2		
FLORIDA.....	85,002	2	87,346	2		
GEORGIA.....	94,907	2	92,484	2		
HAWAII.....	202,976	2	313,419	3		
IDAHO.....	124,994	2	118,174	2		
ILLINOIS.....	74,443	2	123,313	3		
INDIANA.....	119,996	2	123,313	2		
IOWA.....	243,989	5	250,735	5		
KANSAS.....	281,970	5	207,576	4		
KENTUCKY.....	150,986	3	102,760	2		
LOUISIANA.....	150,908	3	128,451	2		
MAINE.....	57,992	1	82,208	1		
MARYLAND.....	65,002	1	61,656	1		
MASSACHUSETTS..	49,923	1	17,058	0		
MICHIGAN.....	82,995	2	97,622	2		
MINNESOTA.....	171,003	3	174,693	3		
MISSISSIPPI....	124,961	2	102,760	2		
MISSOURI.....	348,997	5	308,281	4		
MONTANA.....	169,998	4	154,141	4		
NEBRASKA.....	291,001	5	292,867	6		
NEVADA.....	109,997	2	71,932	1		
NEW HAMPSHIRE..	185,998	3	157,634	2		
NEW JERSEY.....	82,451	1	97,622	1		
NEW MEXICO.....	49,979	1	51,380	1		
NEW YORK.....	154,263	2	154,141	2		
NORTH CAROLINA..	178,002	2	184,969	2		
NORTH DAKOTA...	99,999	2	128,451	3		
OHIO.....	207,675	4	213,742	4		
OKLAHOMA.....	390,001	7	400,766	7		
OREGON.....	129,973	2	123,313	2		
PACIFIC BASIN..	81,754	2	56,518	1		
PENNSYLVANIA...	103,998	2	82,208	2		
PUERTO RICO....	59,950	1	102,760	2		
RHODE ISLAND...	18,501	0	25,690	0		
SOUTH CAROLINA..	105,000	2	102,760	2		
SOUTH DAKOTA...	159,973	2	102,760	1		
TENNESSEE.....	149,983	3	113,036	2		
TEXAS.....	269,998	5	277,453	5		
UTAH.....	99,077	2	126,395	2		
VERMONT.....	41,566	1	61,656	1		
VIRGINIA.....	114,421	2	102,760	2		
WASHINGTON.....	99,891	2	102,760	2		
WEST VIRGINIA..	249,951	2	215,797	2		
WISCONSIN.....	130,001	3	102,760	2		
WYOMING.....	83,003	1	77,071	1		
CHESTER NTC....	214,989	3	220,110	3		
FORT WORTH NTC..	325,583	4	309,177	4		
LINCOLN NTC....	320,001	4	346,032	4		
PORTLAND NTC...	335,910	5	332,722	5		
NATIONL HDQTRS..	509,965	7	546,839	7		
FOREST SERVICE..	297,035	2	303,000	3		
TOTAL available or estimate..	<u>\$9,519,219</u>	<u>156</u>	<u>\$9,545,000</u>	<u>155</u>		

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Credit Insurance Fund Program Account:

For gross obligations for the principal amount of direct and guaranteed loans as authorized by 7 U.S.C. 1928-1929, to be available from funds in the Agricultural Credit Insurance Fund, as follows: farm ownership loans, [\$555,500,000] \$642,580,000, of which [\$488,750,000] \$563,520,000 shall be for guaranteed loans; operating loans, [\$2,563,354,000] \$4,772,868,000, of which [\$1,500,000,000] \$3,550,996,000 shall be for unsubsidized guaranteed loans and [\$238,354,000] \$425,620,000 shall be for subsidized guaranteed loans; [\$3,752,000] \$4,971,000 for water development, use, and conservation loans, of which [\$1,415,000] \$2,037,000 shall be for guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, [\$1,000,000] \$1,178,000; for emergency insured loans, [\$115,000,000] \$121,232,000 to meet the needs resulting from natural disasters; and for credit sales of acquired property, [\$88,000,000] \$149,416,000. Provided, That loan funds made available herein shall be completely allocated to the States and made available for obligation in the first two quarters of fiscal year [1993] 1994.

For the cost of direct and guaranteed loans, including the cost of modifying loans as defined in section 502 of the Congressional Budget Act of 1974, as follows: farm ownership loans, [\$33,599,000] \$34,507,000, of which [\$20,576,000] \$21,132,000 shall be for guaranteed loans; operating loans, [\$158,030,000] \$162,366,000, of which [\$18,150,000] \$18,640,000 shall be for unsubsidized guaranteed loans and [\$15,350,000] \$50,130,000 shall be for subsidized guaranteed loans; [\$499,000] \$512,000 for water development, use, and conservation loans, of which [\$43,000] \$44,000 shall be for guaranteed loans; Indian tribe land acquisition loans as authorized by 25 U.S.C. 488, [\$226,000] \$232,000; for emergency insured loans, [\$30,762,000] \$31,593,000 to meet the needs resulting from natural disasters; and for credit sales of acquired property, [\$22,405,000] \$23,010,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$230,179,000] \$278,844,000.

AGRICULTURAL CREDIT INSURANCE FUND PROGRAM ACCOUNT
(On basis of loan level, subsidy, and administrative expenses
in the Appropriation Act)
(in thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, FY 1993.....	\$3,331,206	\$245,521	\$230,179
Amount, FY 1994....	5,696,969	252,220	278,844
Increase in Amount.....	<u>2,365,763</u>	<u>6,699</u>	<u>48,665</u>

April 23, 1993

FARM SERVICE AGENCY
Summary of Program Levels: FY 1992 - FY 1994
(Dollars in Thousands)

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	FY 1992		FY 1993		FY 1994	
	Actual		Current Estimate		President's Budget	
	Number	Amount	Number	Amount	Number	Amount
FARM PROGRAM LOANS						
Direct Farm Ownership Loans.....	730	\$66,659	700	\$66,750	810	\$79,060
Guar Farm Owners Lns (non-sub)....	2,918	451,891	2,850	454,216	3,440	563,520
Guar Farm Ownership Lns. (sub)...	2	500	0	0	0	0
Direct Farm Operating Loans.....	13,784	570,737	18,330	825,000	17,220	796,252
Guar Farm Operat Lns. (non-sub)...	9,524	956,702	25,590	1,473,106	60,060	3,550,996
Guar Farm Operating Lns (sub.)....	1,452	151,213	2,800	235,248	5,840	425,620
Direct Emergency Disaster Lns.....	1,602	74,883	2,390	115,000	2,450	121,232
Direct Dire Emer Supp Loans.....	0	0	3,370	162,300	0	0
Direct Soil and Water Lns.....	127	2,267	127	2,337	155	2,934
Guaranteed Soil and Water Lns.....	11	427	34	1,378	50	2,037
Ag. Resource Conservation Demo....	1	10,000	1	6,875	1	6,881
Indian Land Acquisition Loans.....	2	988	2	1,000	2	1,178
Credit Sales of Acquired Property.	351	26,182	1,150	88,000	1,890	149,416
Subtotal FP Loans...3/.....	30,504	2,312,449	57,344	3,431,210	91,918	5,699,126
State Mediation Grants	19	2,710	50	3,000	49	3,000
Farm Outreach & Assist. Grants....	0	0	0	0	30	10,000
Subtotal Ag. Support.....	19	2,710	50	3,000	79	13,000
TOTAL FARM PROGRAMS	30,523	2,315,159	57,394	3,434,210	91,997	5,712,126

FARMERS HOME ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in thousands)

	September 30, 1991					September 30, 1992				
	All Borrowers		Borrowers Delinquent			All Borrowers		Borrowers Delinquent		
	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Loans Delinquent	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Loans Delinquent
Agricultural Credit Insur. Fund										
Individual Loans:										
Insured Farm Ownership 1/	97,023	\$6,056,027	17,396	18	\$437,204	88,931	5,582,898	16,723	19	401,705
Guar. Farm Ownership.....	10,881	1,520,256	489	5	15,135	13,433	1,818,748	611	5	25,543
Insured Farm Operating....	83,075	3,846,649	27,565	33	923,986	75,051	3,506,608	26,585	35	877,856
Guar. Farm Operating.....	28,748	2,941,181	1,299	5	34,745	41,536	3,059,448	2,049	5	69,776
Recreation.....	123	7,848	32	26	1,617	105	6,048	24	23	1,112
Emergency Disaster.....	64,167	5,296,220	21,951	34	3,241,368	56,267	4,526,242	19,440	35	2,763,384
Guar. Emergency.....	5	304	1	20	436	1	227	1	100	436
Economic Emergency.....	26,030	2,069,083	10,050	39	868,522	22,480	1,747,086	8,747	39	729,680
Guar. Eco. Emergency.....	516	62,171	109	21	8,468	404	44,112	80	20	6,592
Emergency Livestock.....	19	2,658	6	32	519	14	1,408	5	36	466
Soil and Water.....	10,110	189,667	2,210	22	34,799	9,058	167,787	2,138	24	31,044
Association Loans:										
Irrigation and Drainage..	123	12,962	9	7	2,756	115	12,287	5	4	3,131
Grazing.....	193	41,128	8	4	2,725	180	37,202	5	3	3,063
Recreation.....	482	44,184	9	2	542	435	37,822	5	1	61
Indian Tribe Land Acq....	29	80,244	3	10	783	30	79,520	3	10	949
Misc. Agricultural Loans..	5	92	--	--	--	5	82	--	--	--
Nonprogram Loans.....	1,968	132,064	234	12	7,275	3,015	210,980	447	15	35,239
Total, ACIF.....	323,497	22,302,738	81,371	25	5,580,880	311,060	20,838,505	76,868	25	4,950,037

1/ Includes non-farm enterprise loans.

PROJECT STATEMENT
(On basis of appropriated loan levels, subsidies, and administrative expenses)
(In thousands of dollars)

Item of change	1992 Actual			1993 Appropriated			Increase or Decrease			1994 Estimated		
	Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy		Loan Level	Subsidy	
Farm ownership loans:												
Direct loans.....	\$66,659	\$14,146		\$66,750	\$13,023		\$12,310 (1)	\$352		\$79,060	\$13,375	
Guaranteed loans unsubsidized.....	451,891	22,103		488,750	20,576		74,770 (2)	556		563,520	21,132	
Guaranteed loans subsidized.....	500 a/	101		--	--		--	--		--	--	
Farm operating loans:												
Direct loans.....	570,736	86,224		825,000	124,530		-28,748 (3)	-30,934		796,252	93,596	
Guaranteed loans unsubsidized.....	956,703	11,119		1,500,000	18,150		2,050,996 (4)	490		3,550,996	18,640	
Guaranteed loans subsidized.....	151,213 a/	12,914		238,354	15,350		187,266 (4)	34,780		425,620	50,130	
Emergency disaster loans:												
Direct loans.....	74,883	15,171		115,000	30,762		6,232 (5)	831		121,232	31,593	
Soil and water loans:												
Direct loans.....	2,267	184		2,337	456		597 (6)	12		2,934	468	
Guaranteed loans unsubsidized.....	427	8		1,415	43		622 (6)	1		2,037	44	
Indian tribe land acquisition direct loans.....	988	249		1,000	226		178 (7)	6		1,178	232	
Watershed protection and flood prevention direct loans:												
Direct loans.....	502	--		4,000	--		108 (8)	--		4,108	--	
Resource conservation and development direct loans:												
Credit sales of acquired property.....	--	--		600	--		16 (9)	--		616	--	
Unobligated balance, expired, direct.....	26,182	7,808		88,000	22,405		61,416 (10)	605		149,416	23,010	
Unobligated balance, expired, guar., unsub.....	985,633	137,522		--	--		--	--		--	--	
Unobligated balance, expired, guar., sub.....	881,229	13,813		--	--		--	--		--	--	
Total:	30,427	2,335		--	--		--	--		--	--	
Direct loans and subsidies:												
Guaranteed unsubsidized loans and subsidies.....	1,727,850	261,304		1,102,687	191,402		52,109	-29,128 (11)		1,154,796	162,274	
Guaranteed subsidized loans and subsidies.....	2,290,250	47,043		1,990,165	38,769		2,126,388	1,047 (12)		4,116,553	39,816	
Total loans and subsidies:	182,140	15,350		238,354	15,350		187,266	34,780 (12)		425,620	50,130	
Administrative expenses:												
Total loans and subsidies.....	4,200,240	323,697		3,331,206	245,521		2,365,763	6,699		5,696,969	252,220	
Administrative expenses.....	--	230,179		--	230,179		--	48,665 (13)		--	278,844	
Total, Appropriation:	4,200,240	553,876		3,331,206	475,700		--	--		5,696,969	531,064	
1992 Supplemental: available carryover:	--	--		162,300 b/	43,285 b/		-162,300	-43,285		--	--	
Total, President's Budget:	4,200,240	553,876		3,493,506	518,985		--	--		5,696,969	531,064	
Staff - years are reflected in the Salaries and Expense Project Statement.												

a/ The Agricultural Credit Act of 1987 provides authority for the Secretary to transfer such amounts as may be necessary from farm operating guaranteed loans to farm ownership guaranteed loans. The Agency transferred \$500 thousand in fiscal year 1992.

b/ The Dire Emergency Supplemental Appropriations Act, 1992, P.L. 102-368, dated September 23, 1992, provided an additional direct emergency disaster loan authorization of \$162,300,000 and additional loan subsidy of \$43,285,000 to remain available through September 30, 1993 to cover the costs arising from the consequences of natural disasters. None of these funds were obligated in 1992.

PROJECT STATEMENT
(On basis of 1993 loan levels and subsidies supportable under 1993 Appropriation Act)
(In thousands of dollars)

Item of change	1993 Appropriated		Increase or Decrease		1993 Current Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Farm ownership loans:						
Direct loans.....	\$66,750	\$13,023	--	-\$86	\$66,750	\$12,937
Guaranteed loans unsubsidized.....	488,750	20,576	-\$34,534	--	454,216	20,576
Guaranteed loans subsidized.....	--	--	--	--	--	--
Farm operating loans:						
Direct loans.....	825,000	124,530	--	-13,430	825,000	111,100
Guaranteed loans unsubsidized.....	1,500,000	18,150	-26,894	--	1,473,106	18,150
Guaranteed loans subsidized.....	238,354	15,350	-3,106	--	235,248	15,350
Emergency disaster loans:						
Direct loans.....	115,000	30,762	--	-1,287	115,000	29,475
Soil and water loans:						
Direct loans.....	2,337	456	--	-27	2,337	429
Guaranteed loans unsubsidized.....	1,415	43	-37	--	1,378	43
Indian tribe land acquisition loans:						
Direct loans.....	1,000	226	--	-13	1,000	213
Watershed protection and flood prevention loans:						
Direct loans.....	4,000	--	--	--	4,000	--
Resource conservation and development loans:						
Direct loans.....	600	--	--	--	600	--
Credit sales of acquired property.....	88,000	22,405	--	-546	88,000	21,859
Total:						
Direct loans and subsidies.....	1,102,687	191,402	--	-15,389	1,102,687	176,013
Guaranteed unsubsidized loans and subsidies.....	1,990,165	38,769	-61,465	--	1,928,700	38,769
Guaranteed subsidized loans and subsidies.....	238,354	15,350	-3,106	--	235,248	15,350

Note - Loan levels are reduced because the subsidy has increased and cannot support the appropriated loan level. Subsidy amounts are reduced because the supportable loan level does not require as much subsidy.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account.

The Agricultural Credit Insurance Fund and its associated loan programs are authorized by title III of the Consolidated Farm and Rural Development Act, as amended. This Fund is used to insure or guarantee farm ownership, soil and water, farm operating, emergency, Indian tribe land acquisition, watershed works of improvement and flood prevention and resource conservation and development loans.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans, and soil and water loans to individuals, and to farm cooperatives and private domestic corporations and partnerships that are controlled by farmers and ranchers, engaged primarily and directly in farming or ranching in the United States. Soil and water and recreation loans are each contained as separate types of loans because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water, recreation, and farm ownership loans are subject to similar authorizations and limitations but not purposes. Direct loan borrowers are required to graduate to other credit sources when they are able to do so.

Farm Ownership Loans.

Farm ownership loans are used for:

1. Maintaining family farms: Farm ownership loans help owner-operators restructure their debts, including those who are highly leveraged who utilize their real estate equities to refinance heavy short-term debts. In other instances, the owner-operators use real estate credit and assistance to make further adjustments in their operations, to comply with local sanitation and pollution abatement requirements, to keep up with advances in agricultural technology, to better utilize their land and labor resources and to meet changing market requirements. Farm ownership loans may be used to finance income producing recreational enterprises or other nonfarm enterprises which supplement but do not supplant farm income.
2. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers, especially beginning farmers, in the purchase and enlargement of farms. Applicants eligible for these loans may use this assistance for combining small tracks of land, making basic soil improvements, establishing permanent pastures, improving dwellings and essential farm buildings, developing land and water, controlling pollution, producing or saving energy, adding a nonfarm enterprise and taking other measures to increase the efficiency and income-producing capacity of their holdings.

Farm ownership loans are made to eligible individuals, cooperatives, corporations, partnerships or joint operators who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will become owner-operators of not larger than family-size farms, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near where the applicant resides for loans for similar purposes and periods of time.

Loans are made for 40 years or less. A direct loan may not exceed \$200,000 and a guaranteed loan may not exceed \$300,000. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations with maturities of five years plus not more than one percentage point, with a minimum floor of five percent. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest assistance program. In addition, the interest rate assistance program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

Soil and Water Loans. Soil and water loans are made to individuals, cooperatives, corporations, partnerships or joint operators who own and/or operate a farm. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms prevailing in the community where the farm is located. The loans may be made for soil conservation, development and use; forestation; drainage of farmland; establishment of permanent pasture; pollution control and energy saving measures. The loan limit is \$50,000 for a direct loan and \$50,000 for a guaranteed loan. The repayment period may be up to 40 years. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. Guaranteed loans bear an interest rate negotiated by the lender and the borrower.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for direct and guaranteed operating loans. Operating loans made by the Farm Service Agency are accompanied by supervisory assistance in farm and financial management. Operating credit is targeted to family farmers throughout the United States, who are unable to obtain credit from private and cooperative sources, to develop or maintain a reasonable standard of living. The use of operating loan funds for this purpose helps provide opportunity for farm operators to conduct successful farm operations.

Loans are made to assist (1) full-time and part-time operators to continue in agriculture and to improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, and (4) rural youths.

Operating loans are made to individuals, partnerships, corporations, cooperatives or joint operators who operate not larger than family-size farms or ranches, who (1) have sufficient training or farm experience to assure reasonable prospects of success in the proposed operation, (2) are or will become operators of not larger than family farms, except for rural youths, and (3) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the

community in or near where the applicant resides, for loans for similar purposes and periods of time.

Operating loans may be made for paying costs incident to reorganizing a farming system for more profitable operations; purchasing livestock, poultry and farm equipment; purchasing feed, seed, fertilizer, insecticides, and farm supplies and meeting other essential operating expenses; financing land and water development, use, and conservation; developing recreation and other nonfarm enterprises; and refinancing existing indebtedness.

The loan limit is \$200,000 for a direct loan and \$400,000 for a guaranteed loan. Operating loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. The interest rate for direct loans is determined by the Secretary of Agriculture and does not exceed the cost-of-money to the Government, plus up to one percent additional. However, loans to limited resource borrowers bear interest of not more than one-half of the Treasury rate for marketable obligations plus not more than one percentage point, with a minimum floor of five percent. The interest rate for guaranteed loans is negotiated by the lender and the borrower and may be subsidized under the interest assistance program. In addition, the interest assistance program may also be sufficient to allow moderate-income borrowers to move from the direct loan program to the guaranteed loan program.

Direct loan borrowers are encouraged to supplement their operating loans with credit from other sources when this is feasible. They are required to graduate to other credit sources when able to do so.

Emergency Disaster Loans

Emergency loans are made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture.

Emergency loans are made to established, eligible, family size farmers, ranchers and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made only for actual losses arising from natural disasters. A farmer who cannot receive credit elsewhere is eligible for an actual loss loan of up to \$500,000 or the calculated actual loss, whichever is less, for each disaster at an interest rate of four and one-half percent. P.L. 102-229 Supplemental Appropriations Bill for FY 1992 waived the requirement that applicants for emergency loans must have crop insurance for 1992 and 1993 crops.

Actual loss loans may be made for physical losses to repair, restore or replace damaged or destroyed farm property, livestock and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

Repayment terms for actual loss loans vary according to the purposes of the loan, type of collateral available to secure the loan, and the projected repayment ability of the borrower. Loans for actual production or physical losses to crops, livestock, supplies and equipment may be scheduled for repayment for up to 7 years. Under some conditions a longer repayment period may be authorized for production loss loans, but not to exceed 20 years. Generally, real estate will be needed as security when a loan term of more than 7 years is authorized. Loss loans for

actual losses to real estate will generally be scheduled for repayment within 30 years but under some conditions may be scheduled for up to 40 years.

Indian Tribe Land Acquisition Loans

Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof. Loans are made for 40 years or less. The interest rate for these loans is determined by the Secretary of Agriculture. It does not exceed the cost-of-money to the Government, plus up to one percent additional, except, those tribes that are unable to pay the higher rate may be charged a lower interest rate.

Watershed Works of Improvement and Flood Prevention Loans

Loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. FSA has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. For any single plan for works of improvement, the amount of the loan may not exceed \$10 million.

Resource Conservation and Development Loans

Loans are made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing or improving works of improvement, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. The Farm Service Agency has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on a direct basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 30 years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

BORROWER'S FINANCIAL OPPORTUNITIES

A specific set of borrower's rights has been set forth by Congress. These borrower rights provide a number of opportunities for borrowers in serious financial difficulty to have the debt written down in order to retain the farming business. These opportunities include traditional rescheduling, reamortization and deferrals. The Agricultural Credit Act of 1987 also adds debt write down and buyout at net recovery value, and revises the provisions for leaseback/buyback and homestead

protection which were included in the Food Security Act of 1985. Descriptions of these financial opportunities follow:

(1) Rescheduling and/or Reamortization

Operating type loans can be rescheduled for up to 15 years with no limit on the number of times a loan can be rescheduled. Reamortization is for long term loans with reamortization of payments for up to 40 years from the date of the original loan. In addition, these loans can have interest rates reduced to limited resource rates which are, currently, one percent below regular rates for operating loans and 2.75 percent below the regular rate for long term loans.

(2) Deferral

Deferrals can be for up to five years with renewals possible. Interest accrues on deferred debt, so it is not a very viable choice for a borrower unless a substantial amount of other lender debt can be paid off or income increased during the deferral period. Farm plans must show that payment on the deferred debt can be resumed at the end of the deferral period.

(3) Debt Write Down

Debt write down is the major loan restructuring provision of the Agricultural Credit Act of 1987. The Act requires a determination be made that the present value of the restructured debt after the debt is written down is greater or equal to the net recovery value that would be obtained through foreclosure or involuntary liquidation, inventory costs and resale expenses. Net recovery value is the market value less all costs of an involuntary liquidation. If the farm operation will cash flow at or above a level that will pay all essential family living and farm operating expenses and installments on debts, then the debt will be restructured, thereby keeping the farmer on the farm.

(4) Buy Out at Net Recovery Value

If all combinations for rescheduling, reamortization, deferral and write down do not provide a restructuring program that will keep the borrower paying the restructured debt, the borrower then has the opportunity to pay off the debt at net recovery value. This can be a heavily discounted payoff. The payoff must be in full to FSA with no credit being provided by the Agency. There is a high probability that many borrowers whose loans cannot be restructured will be able to buy out their loans and remain on the farm, with a good opportunity to continue the farm business.

(5) Leaseback/Buyback

Leaseback/buyback permits former owners-operators the opportunity to lease, with an option to purchase, real estate which secured the farm program loan(s). Eligible real estate includes any off the farm principal residence(s) of the operator(s). If eligible, such sales may be made with FSA providing the credit.

(6) Homestead Protection

The program permits former owner-operators the opportunity to lease, with an option to purchase, their former principal residence, and up to ten acres of land. The homestead is leased to the borrower at a rental rate comparable to rental rates for the area. The lease is for up to five years and also carries an option to purchase. FSA will provide the credit.

The adequate servicing and supervision of delinquent farmer program loans to assist borrowers to overcome financial and management difficulties and to protect the

Government's interest is, and continues to be, a prime concern of the Farm Service Agency. The Agency makes every effort possible to assist financially stressed farm borrowers to overcome their difficulties. Borrowers and the agricultural community can be assured that the Agency will continue to work with borrowers on a fair but firm basis by using all available authorities to assist them to remain in farming when their farming operations are feasible.

The Food, Agriculture, Conservation and Trade Act of 1990 closed some of the loopholes in the Agricultural Credit Act of 1987. It limited the writedown or writeoff of debt to a lifetime limit of \$300,000 and only allows one writedown or buyout of debt. Previous writedowns and buyouts are not included in these new limitations. It requires FSA to notify a borrower of its debt settlement program and takes into consideration the value of any nonessential unencumbered assets that the borrower may have an ownership interest in when the borrower requests primary loan services or buyout of the FSA loans. It also requires a borrower to have acted in good faith. Borrowers may also request a negotiation of the appraisal of assets if he or she disagrees with the FSA appraisal.

Listed below are data regarding farmers in financial difficulty and the servicing actions taken by FSA to help them.

	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
Number of farm borrowers	299,006	280,528	251,892
Number of farmers delinquent	80,289 (27%)	79,204 (28%)	73,657 (29%)
Number delinquent 3 years or more	57,185	39,230	31,699
Deferrals	3,226	2,218	1,665
Rescheduled, consolidated, reamortized	14,782	8,258	8,008
Subordinations	22,124	16,281	11,375
Acceleration letters	5,462	3,133	3,005
Foreclosures:			
FSA	243	217	261
Non-FSA	179	193	140
Bankruptcies	334	286	243
Liquidations:			
Voluntary conveyances	710	521	324
Sales other than foreclosure	753	764	602
Transfers and assumptions	<u>286</u>	<u>200</u>	<u>119</u>
Total Discontinued Farming a/	<u>2,505</u>	<u>2,181</u>	<u>1,689</u>
	=====	=====	=====
Farm Inventory Properties:			
Number of farm properties	3,411	3,109	2,995
Acres	1,143,738	998,187	949,922
Present market value (\$000)	\$455,853	\$404,525	\$381,586

a/ Does not include borrowers who have left farming where liquidation proceedings have not been completed or in some cases even initiated.

JUSTIFICATION OF INCREASES AND DECREASES

The FY 1994 Budget continues the initiative of shifting direct loan programs to guaranteed loan programs. The focus on guaranteed lending will facilitate graduations of loans from FSA to private lenders while borrowers gain valuable, lasting relationships with their local lending institutions. In addition, the transfer of most loan making responsibilities to private lenders will enable FSA to concentrate on providing supervised credit assistance to needy borrowers, insure an effective guarantee/graduation process and allow for improved servicing of the existing portfolio. The direct loan programs will be sufficient to provide all the direct loan financing required and are targeted to the most financially needy borrowers. However, direct loan borrowers must demonstrate an inability to afford loans assisted by guarantees.

The following adjustments result in a net increase of \$2,365,763,000 in loan programs and an increase of \$48,665,000 in administrative expenses.

- (1) An increase of \$12,310,000 for direct farm ownership loans (\$66,750,000 available in FY 1993).

Need for Change. New real estate lending will be kept to a modest increase to account for inflation and changes in economic assumptions. Lending will be targeted to the most financially needy applicants. Applicants must demonstrate the inability to afford loans assisted by guarantees and guarantees accompanied by interest assistance. FSA has established annual target participation rates on a county-wide basis to ensure that members of socially disadvantaged groups will receive real estate loans and have the opportunity to purchase or lease inventory farmland. Real estate credit for existing FSA borrowers will continue to be available through reamortization and rescheduling of loans secured by real estate.

Nature of Change. This program will be maintained at a level to enable the most financially needy applicants and members of socially disadvantaged groups to take advantage of the Agency's long term farm ownership loan program.

- (2) An increase of \$74,770,000 for guaranteed farm ownership loans (\$488,750,000 available in FY 1993).

Need for Change. The program will be held to a modest increase to account for inflation and changes in economic assumptions. It will facilitate graduation of FSA borrowers to private sector credit sources.

Nature of Change. The program level will provide 3,440 unsubsidized guaranteed loans in FY 1994.

- (3) A decrease of \$28,748,000 for direct farm operating loans (\$825,000,000 available in FY 1993).

Need for Change. The Agency will make maximum use of the guaranteed operating loan program, in lieu of the direct loan program, to facilitate participation of the private agricultural credit sector. In FY 1994, a portion of direct farm operating loans has been shifted from direct operating loans to the subsidized guaranteed operating loan program.

Nature of Change. The program level will provide 17,220 direct loans in FY 1994.

- (4) An increase of \$2,238,262,000 for guaranteed farm operating loans (\$1,738,354,000 available in FY 1993).

Need for Change. This large increase is mostly the result of a slight change in Treasury interest rates. Because the subsidy rate is very close to zero any change, plus or minus, produces a significant change in loans supportable. The Agency will make maximum use of the guaranteed operating loan program in lieu of the direct loan program, to facilitate participation of the private agricultural credit sector. The Agency has coordinated and worked with the Farm Credit Administration and private lenders to increase participation in the guaranteed loan area. The shift toward guaranteed lending will facilitate graduation of FSA borrowers to private sector credit sources and focus FSA staff resources on servicing requirements of its delinquent borrowers. In FY 1994, a portion of direct farm operating loans has been shifted from direct operating loans to the subsidized guaranteed operating loan program.

Nature of Change. The program level will provide 65,900 guaranteed loans in FY 1994.

- (5) An increase of \$6,232,000 for emergency disaster loans (\$115,000,000 available in FY 1993).

Need for Change. In FY 1994 the funding level of \$121 million, which is \$6 million above the 1993 appropriated level, will fund emergency actual loss loans and should be sufficient to meet the anticipated demand.

Nature of Change. The program level will provide 2,450 loans in FY 1994.

- (6) An increase of \$597,000 for direct and \$622,000 for guaranteed soil and water loans (\$3,752,000 available in FY 1993).

Need for Change. Maintains the direct and guaranteed soil and water loan programs in FY 1994 at essentially the same level as in FY 1993.

Nature of Change. The program levels will provide 205 loans in FY 1994.

- (7) An increase of \$178,000 for direct Indian tribe land acquisition loans (\$1,000,000 available in FY 1993).

Need for Change. These loans are limited to the acquisition of land within the defined boundaries of a tribe's reservation. Most of the available land has been acquired by the loans now outstanding.

Nature of Change. The level of \$1,178,000 reflects the anticipated level of loans which may be required.

- (8) An increase of \$108,000 for direct watershed protection and flood prevention loans (\$4,000,000 available in FY 1993).

Need for Change. There has been limited demand for this program in recent years. No loans were obligated in FY 1991, and only two loans were obligated in FY 1992.

Nature of Change. The level of \$4,108,000 reflects the anticipated level of loans which may be required.

- (9) An increase of \$16,000 for direct resource conservation and development loans (\$600,000 available in FY 1993).

Need for Change. There has been limited demand for this program in recent years. No loans were obligated in FY 1991 or FY 1992.

Nature of Change. The level of \$616,000 reflects the anticipated level of loans which may be required.

- (10) An increase of \$61,416,000 for credit sales of acquired property (\$88,000 estimated in FY 1993).

Need for Change. New and beginning farmers will be assisted by this program. The level requested represents the anticipated amount of direct loans made by credit sales from acquired properties in inventory.

Nature of Change. This level reflects the anticipated level of credit sales of acquired property which may be required.

- (11) A decrease of \$29,128,000 for the direct loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the supportable FY 1994 loan levels.

- (12) An increase of \$35,827,000 for the guaranteed loan subsidy.

Need for Change. This estimated subsidy amount is necessary to support the guaranteed loan commitments associated with the supportable FY 1994 loan levels.

- (13) An increase of \$48,665,000 for administrative expenses (\$230,179,000 available in FY 1993).

Need for Change. Justification for administrative expenses in the amount of \$264,432,000 and related staff-years is reflected in the Salaries and Expenses Project Statement. A balance of \$14,412,000 will be retained by the program account for obligation of program-related non recoverable costs such as appraisals and inspections.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Insured Farm Ownership Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	883,000	910,000	1,073,800
Alaska.....	--	150,000	177,000
Arizona.....	278,000	445,000	525,100
Arkansas.....	1,741,710	1,363,000	1,608,340
California.....	2,846,280	2,844,000	3,355,920
Colorado.....	1,200,530	984,000	1,161,120
Connecticut.....	180,000	236,000	278,480
Delaware.....	185,300	239,000	282,020
Florida.....	798,860	1,004,000	1,184,720
Georgia.....	1,204,050	1,066,000	1,257,880
Hawaii.....	285,000	360,000	424,800
Idaho.....	929,800	852,000	1,005,360
Illinois.....	4,044,000	3,725,000	4,395,500
Indiana.....	2,014,450	2,225,000	2,625,500
Iowa.....	6,044,510	4,555,000	5,374,900
Kansas.....	2,578,000	2,392,000	2,822,560
Kentucky.....	1,864,190	1,952,000	2,303,360
Louisiana.....	672,000	881,000	1,039,580
Maine.....	608,700	294,000	346,920
Maryland.....	577,170	527,000	621,860
Massachusetts.....	165,000	284,000	335,120
Michigan.....	1,343,170	1,284,000	1,515,120
Minnesota.....	3,815,840	2,909,000	3,432,620
Mississippi.....	960,920	916,000	1,080,880
Missouri.....	1,753,610	2,697,000	3,182,460
Montana.....	359,000	1,094,000	1,290,920
Nebraska.....	2,636,490	2,686,000	3,169,480
Nevada.....	200,000	232,000	273,760
New Hampshire.....	112,000	273,000	322,140
New Jersey.....	256,600	385,000	454,300
New Mexico.....	234,300	519,000	612,420
New York.....	1,646,900	1,104,000	1,302,720
North Carolina.....	1,299,270	1,466,000	1,729,880
North Dakota.....	2,151,930	1,652,000	1,949,360
Ohio.....	990,350	2,252,000	2,657,360
Oklahoma.....	2,909,340	1,726,000	2,036,680
Oregon.....	911,500	816,000	962,880
Pennsylvania.....	2,047,000	1,521,000	1,794,780
Rhode Island.....	71,205	159,000	187,620
South Carolina.....	646,600	603,000	711,540
South Dakota.....	1,749,500	1,535,000	1,811,300
Tennessee.....	649,160	1,587,000	1,872,660
Texas.....	4,226,460	4,499,000	5,325,820
Utah.....	710,500	488,000	575,840
Vermont.....	414,190	381,000	449,580
Virginia.....	1,151,890	1,123,000	1,325,140
Washington.....	975,000	1,006,000	1,187,080
West Virginia.....	708,000	625,000	737,500
Wisconsin.....	1,398,770	2,413,000	3,125,340
Wyoming.....	314,500	511,000	602,980
Puerto Rico.....	834,100	700,000	826,000
Trust Territories..	--	150,000	177,000
Virgin Islands.....	80,000	150,000	177,000
Total, Avail./Est..	66,658,645	66,750,000	79,060,000

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Guaranteed Farm Ownership Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	6,725,770	6,015,000	6,917,250
Alaska.....	--	300,000	345,500
Arizona.....	158,390	2,941,000	3,382,150
Arkansas.....	15,224,320	9,015,000	10,367,250
California.....	6,137,180	18,810,000	21,631,500
Colorado.....	12,551,560	6,507,000	7,483,050
Connecticut.....	518,033	1,562,000	1,796,300
Delaware.....	1,728,450	1,584,000	1,821,600
Florida.....	3,437,660	50,140,000	57,661,000
Georgia.....	15,014,940	7,050,000	8,107,500
Hawaii.....	--	2,383,000	2,740,450
Idaho.....	3,342,400	5,637,000	6,482,550
Illinois.....	14,632,880	24,634,000	28,329,100
Indiana.....	10,059,360	14,717,000	16,924,550
Iowa.....	27,518,960	30,123,000	34,641,450
Kansas.....	16,530,140	15,817,000	18,189,550
Kentucky.....	10,500,170	12,909,000	14,845,350
Louisiana.....	13,075,120	14,329,000	16,478,350
Maine.....	906,130	1,947,000	2,239,050
Maryland.....	2,850,900	3,483,000	4,005,450
Massachusetts.....	1,899,000	1,881,000	2,163,150
Michigan.....	12,375,770	8,491,000	9,764,650
Minnesota.....	19,051,290	19,237,000	22,122,550
Mississippi.....	29,524,650	6,056,000	6,964,400
Missouri.....	15,114,690	17,834,000	20,509,100
Montana.....	6,734,120	7,235,000	8,320,250
Nebraska.....	16,442,600	17,763,000	20,427,450
Nevada.....	1,120,640	1,533,000	1,863,450
New Hampshire.....	490,000	1,804,000	2,074,600
New Jersey.....	275,800	2,549,000	2,931,350
New Mexico.....	4,393,300	3,434,000	3,949,100
New York.....	7,987,250	7,303,000	8,398,450
North Carolina.....	18,673,840	9,696,000	11,150,400
North Dakota.....	13,011,060	10,928,000	12,567,200
Ohio.....	9,087,810	14,891,000	17,124,650
Oklahoma.....	18,243,590	11,418,000	13,130,700
Oregon.....	2,849,500	5,399,000	6,208,850
Pennsylvania.....	13,530,770	10,059,000	11,567,850
Rhode Island.....	229,300	1,054,000	1,567,600
South Carolina.....	4,727,840	3,988,000	4,586,200
South Dakota.....	11,306,590	10,149,000	11,671,350
Tennessee.....	7,247,350	10,494,000	12,068,100
Texas.....	13,595,850	29,738,000	34,698,700
Utah.....	3,796,040	3,230,000	3,714,500
Vermont.....	6,867,930	2,521,000	2,899,150
Virginia.....	1,881,650	7,429,000	8,543,350
Washington.....	5,373,590	6,655,000	7,653,250
West Virginia.....	4,040,310	4,134,000	4,754,100
Wisconsin.....	38,293,120	15,961,000	18,855,150
Wyoming.....	1,986,250	3,383,000	3,890,450
Puerto Rico.....	1,327,561	2,000,000	2,300,000
Trust Territories..	--	300,000	345,500
Virgin Islands.....	--	300,000	345,500
Total, Avail./Est..	452,391,424	488,750,000	563,520,000

FARM SERVICES AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Insured Farm Operating Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	8,838,680	12,446,000	12,072,620
Alaska.....	--	200,000	194,000
Arizona.....	1,604,970	3,181,000	3,085,570
Arkansas.....	21,392,840	24,229,000	23,502,130
California.....	15,536,840	26,823,000	26,018,310
Colorado.....	7,116,210	9,979,000	9,679,630
Connecticut.....	410,150	1,524,000	1,478,280
Delaware.....	522,650	1,769,000	1,715,930
Florida.....	3,234,910	7,553,000	7,326,410
Georgia.....	9,012,130	15,478,000	15,013,660
Hawaii.....	685,870	2,562,000	2,485,140
Idaho.....	12,278,880	13,672,000	13,261,840
Illinois.....	15,869,110	29,844,000	28,948,680
Indiana.....	14,454,240	23,443,000	22,739,710
Iowa.....	28,472,330	44,080,000	43,757,300
Kansas.....	14,757,950	27,507,000	26,681,790
Kentucky.....	9,160,610	18,516,000	17,960,520
Louisiana.....	21,736,230	31,098,000	30,165,060
Maine.....	4,858,170	5,371,000	5,209,870
Maryland.....	1,197,560	3,093,000	3,000,210
Massachusetts.....	1,486,470	3,183,000	3,087,510
Michigan.....	13,347,120	18,982,000	18,412,540
Minnesota.....	29,259,970	40,730,000	38,061,100
Mississippi.....	29,601,300	37,606,000	36,477,820
Missouri.....	8,229,920	18,850,000	18,284,500
Montana.....	4,832,500	9,937,000	9,638,890
Nebraska.....	15,557,920	29,386,000	28,504,420
Nevada.....	1,821,270	2,069,000	2,006,930
New Hampshire.....	740,480	2,095,000	2,032,150
New Jersey.....	3,340,320	2,900,000	2,813,000
New Mexico.....	6,052,970	6,388,000	6,196,360
New York.....	11,816,700	18,530,000	17,974,100
North Carolina.....	11,301,250	17,544,000	17,017,680
North Dakota.....	24,660,590	31,152,000	29,217,440
Ohio.....	6,245,230	20,740,000	20,117,800
Oklahoma.....	20,427,590	27,390,000	26,568,300
Oregon.....	5,447,710	9,736,000	9,443,920
Pennsylvania.....	25,236,830	20,515,000	19,899,550
Rhode Island.....	14,209	1,187,000	1,151,390
South Carolina.....	8,673,350	11,627,000	11,278,190
South Dakota.....	9,004,230	13,861,000	13,445,170
Tennessee.....	10,226,290	23,543,000	22,836,710
Texas.....	92,894,320	89,227,000	83,999,490
Utah.....	6,411,800	6,015,000	5,834,550
Vermont.....	2,748,360	3,430,000	3,327,100
Virginia.....	4,811,100	11,670,000	11,319,900
Washington.....	9,267,010	13,076,000	12,683,720
West Virginia.....	2,566,850	5,093,000	4,940,210
Wisconsin.....	9,304,050	18,160,000	17,615,200
Wyoming.....	2,358,870	4,110,000	3,986,700
Puerto Rico.....	1,902,150	3,500,000	3,395,000
Trust Territories..	--	200,000	194,000
Virgin Islands.....	7,500	200,000	194,000
Total, Avail./Est..	570,736,559	825,000,000	796,252,000

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Guaranteed Farm Operating Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	8,565,440	22,944,000	52,771,200
Alaska.....	--	800,000	1,840,000
Arizona.....	1,497,870	9,294,000	21,376,200
Arkansas.....	29,338,250	32,646,000	75,085,800
California.....	26,313,570	64,663,000	148,724,900
Colorado.....	24,839,630	24,210,000	55,683,000
Connecticut.....	715,200	5,639,000	12,969,700
Delaware.....	389,650	5,826,000	13,399,800
Florida.....	5,118,540	106,674,000	245,350,200
Georgia.....	34,425,590	27,187,000	62,530,100
Hawaii.....	--	8,062,000	18,542,600
Idaho.....	24,897,490	21,004,000	48,309,200
Illinois.....	52,679,670	85,153,000	195,851,900
Indiana.....	34,762,770	54,240,000	124,752,000
Iowa.....	86,228,920	107,221,000	235,102,200
Kansas.....	43,966,760	57,399,000	132,017,700
Kentucky.....	15,656,040	48,072,000	110,565,600
Louisiana.....	67,366,360	73,515,000	169,084,500
Maine.....	2,861,330	7,530,000	17,319,000
Maryland.....	1,926,499	12,949,000	29,782,700
Massachusetts.....	1,181,000	6,885,000	15,835,500
Michigan.....	27,269,540	33,411,000	76,845,300
Minnesota.....	58,058,750	72,804,000	167,449,200
Mississippi.....	51,851,690	22,857,000	52,571,100
Missouri.....	34,109,340	67,322,000	154,840,600
Montana.....	9,216,220	26,397,000	60,713,100
Nebraska.....	48,117,990	63,116,000	145,166,800
Nevada.....	1,958,230	5,523,000	12,702,900
New Hampshire.....	68,000	6,791,000	15,619,300
New Jersey.....	953,420	8,726,000	20,069,800
New Mexico.....	7,203,620	11,486,000	26,417,800
New York.....	10,765,180	28,686,000	65,977,800
North Carolina.....	15,220,750	36,046,000	82,905,800
North Dakota.....	22,637,970	39,967,000	91,924,100
Ohio.....	16,627,580	55,825,000	128,397,500
Oklahoma.....	36,175,720	42,988,000	98,872,400
Oregon.....	11,520,150	21,046,000	48,405,800
Pennsylvania.....	12,440,140	38,224,000	87,915,200
Rhode Island.....	150,000	3,873,000	8,907,900
South Carolina.....	11,612,080	15,179,000	34,911,700
South Dakota.....	34,106,630	37,077,000	85,277,100
Tennessee.....	22,563,330	40,373,000	92,857,900
Texas.....	126,668,480	108,015,000	236,934,400
Utah.....	3,674,450	11,947,000	27,478,100
Vermont.....	5,801,570	9,566,000	22,001,800
Virginia.....	3,103,550	28,229,000	64,926,700
Washington.....	20,561,280	24,764,000	56,957,200
West Virginia.....	3,898,610	15,639,000	35,969,700
Wisconsin.....	40,089,480	63,117,000	145,169,100
Wyoming.....	8,411,260	12,547,000	28,858,100
Puerto Rico.....	350,000	3,300,000	7,590,000
Trust Territories..	--	800,000	2,544,000
Virgin Islands.....	--	800,000	2,544,000
Total, Avail./Est..	1,107,915,589	1,738,354,000	3,976,616,000

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Emergency Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	\$1,248,220	--	--
Alaska.....	--	--	--
Arizona.....	--	--	--
Arkansas.....	1,831,920	--	--
California.....	3,166,970	--	--
Colorado.....	94,300	--	--
Connecticut.....	385,960	--	--
Delaware.....	--	--	--
Florida.....	1,322,060	--	--
Georgia.....	3,869,080	--	--
Hawaii.....	--	--	--
Idaho.....	38,500	--	--
Illinois.....	16,808,260	--	--
Indiana.....	3,899,330	--	--
Iowa.....	781,200	--	--
Kansas.....	1,372,200	--	--
Kentucky.....	1,436,010	--	--
Louisiana.....	3,377,810	--	--
Maine.....	764,160	--	--
Maryland.....	778,220	--	--
Massachusetts.....	1,009,960	--	--
Michigan.....	5,306,620	--	--
Minnesota.....	1,426,850	--	--
Mississippi.....	1,183,450	--	--
Missouri.....	1,630,300	--	--
Montana.....	212,320	--	--
Nebraska.....	191,150	--	--
Nevada.....	576,350	--	--
New Hampshire.....	150,000	--	--
New Jersey.....	140,740	--	--
New Mexico.....	276,480	--	--
New York.....	1,729,200	--	--
North Carolina.....	302,720	--	--
North Dakota.....	170,690	--	--
Ohio.....	866,780	--	--
Oklahoma.....	1,248,710	--	--
Oregon.....	514,110	--	--
Pennsylvania.....	3,734,720	--	--
Rhode Island.....	339,100	--	--
South Carolina.....	51,460	--	--
South Dakota.....	764,570	--	--
Tennessee.....	311,420	--	--
Texas.....	7,836,740	--	--
Utah.....	637,040	--	--
Vermont.....	--	--	--
Virginia.....	1,413,420	--	--
Washington.....	636,030	--	--
West Virginia.....	837,770	--	--
Wisconsin.....	92,946	--	--
Wyoming.....	--	--	--
Puerto Rico.....	117,200	--	--
Trust Territories..	--	--	--
Virgin Islands.....	--	--	--
Total, Avail./Est..	74,883,046	277,300,000 a/b/	121,232,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes \$162,300,000 authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-368, dated September 23, 1992, to provide assistance to distressed communities as a result of natural disasters.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Credit Sales of Inventory Property

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	60,000	289,000	491,300
Alaska.....	--	14,000	23,800
Arizona.....	824,240	2,740,000	4,658,000
Arkansas.....	1,084,334	1,447,000	2,459,900
California.....	1,849,430	5,061,000	8,603,700
Colorado.....	1,238,040	4,703,000	7,995,100
Connecticut.....	0	31,000	52,700
Delaware.....	0	13,000	22,100
Florida.....	481,200	2,791,000	4,744,700
Georgia.....	791,360	2,650,000	4,505,000
Hawaii.....	0	41,000	69,700
Idaho.....	595,360	1,867,000	3,173,900
Illinois.....	105,400	687,000	1,167,900
Indiana.....	94,650	575,000	977,500
Iowa.....	3,329,310	3,112,000	5,290,400
Kansas.....	248,000	510,000	867,000
Kentucky.....	540,130	325,000	552,500
Louisiana.....	450,570	2,015,000	3,425,500
Maine.....	231,340	166,000	282,200
Maryland.....	0	364,000	618,800
Massachusetts.....	0	137,000	232,900
Michigan.....	487,030	2,650,000	4,505,000
Minnesota.....	635,670	4,857,000	8,256,900
Mississippi.....	2,018,870	7,620,000	12,954,000
Missouri.....	1,292,280	5,041,000	8,569,700
Montana.....	120,000	1,106,000	1,880,200
Nebraska.....	432,700	2,458,000	4,178,600
Nevada.....	185,250	101,000	171,700
New Hampshire.....	0	0	0
New Jersey.....	0	166,000	282,200
New Mexico.....	660,680	2,202,000	3,743,400
New York.....	678,290	2,260,000	3,842,000
North Carolina.....	459,630	2,329,000	3,959,300
North Dakota.....	906,600	3,792,000	6,446,400
Ohio.....	0	231,000	392,700
Oklahoma.....	596,550	3,514,000	5,973,800
Oregon.....	304,750	1,216,000	2,067,200
Pennsylvania.....	0	379,000	644,300
Rhode Island.....	0	0	0
South Carolina.....	928,300	1,451,000	2,466,700
South Dakota.....	616,310	3,086,000	5,062,200
Tennessee.....	671,210	1,437,000	2,442,900
Texas.....	107,500	2,229,000	3,789,300
Utah.....	157,340	321,000	545,700
Vermont.....	28,000	262,000	445,400
Virginia.....	390,990	498,000	846,600
Washington.....	1,400,880	4,558,000	7,748,600
West Virginia.....	60,980	289,000	491,300
Wisconsin.....	190,290	2,080,000	3,536,000
Wyoming.....	100,335	1,207,000	2,051,900
Puerto Rico.....	828,100	1,122,000	1,907,400
Total, Avail./Est..	26,181,899	88,000,000	149,416,000

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund
Insured Soil and Water Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	5,500	--	--
Arizona.....	--	--	--
Arkansas.....	120,120	--	--
California.....	364,980	--	--
Colorado.....	40,100	--	--
Connecticut.....	--	--	--
Florida.....	--	--	--
Georgia.....	70,320	--	--
Idaho.....	187,200	--	--
Illinois.....	17,000	--	--
Indiana.....	--	--	--
Iowa.....	14,690	--	--
Kansas.....	52,500	--	--
Kentucky.....	35,710	--	--
Louisiana.....	--	--	--
Massachusetts.....	208,500	--	--
Michigan.....	9,000	--	--
Minnesota.....	4,000	--	--
Mississippi.....	74,000	--	--
Missouri.....	2,500	--	--
Montana.....	43,000	--	--
Nebraska.....	21,700	--	--
Nevada.....	61,710	--	--
New Hampshire.....	11,500	--	--
New Jersey.....	42,000	--	--
New Mexico.....	80,500	--	--
New York.....	--	--	--
North Carolina.....	35,600	--	--
North Dakota.....	10,000	--	--
Oklahoma.....	115,120	--	--
Oregon.....	204,500	--	--
Pennsylvania.....	190,600	--	--
Rhode Island.....	--	--	--
South Carolina.....	--	--	--
South Dakota.....	--	--	--
Tennessee.....	14,860	--	--
Texas.....	141,770	--	--
Utah.....	36,520	--	--
Vermont.....	48,200	--	--
Washington.....	--	--	--
West Virginia.....	--	--	--
Wisconsin.....	--	--	--
Wyoming.....	--	--	--
Virgin Island.....	3,500	--	--
Total, Avail./Est..	2,267,200	2,337,000 a/	2,934,000 a/

Guaranteed Soil and Water Loan Program

Arkansas.....	76,000	--	--
Georgia.....	12,000	--	--
Idaho.....	48,290	--	--
Kansas.....	66,000	--	--
Louisiana.....	80,000	--	--
Missouri.....	37,200	--	--
New Mexico.....	46,000	--	--
Tennessee.....	50,000	--	--
Vermont.....	12,000	--	--
Total, Avail./Est..	427,490	1,415,000 a/	2,037,000 a/

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

Insured Watershed and Flood Prevention Loan Program

	1992 Amount	1993 Amount	1994 Amount
Mississippi.....	502,000	--	--
Total, Avail./Est..	502,000	4,000,000 a/	4,108,000 a/

Resource Conservation and Development Loan Program

	--	--	--
Total, Avail./Est..	--	600,000 a/	616,000 a/

a/ Cannot be distributed by geographic area in advance.

Indian Land Acquisition Loan Program

Idaho.....	388,000	--	--
North Dakota.....	600,000	--	--
Total, Avail./Est...	988,000	1,000,000 a/	1,178,000 a/

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Resource Conservation Demonstration Program

For loan guarantees authorized under sections 1465-1469 for Public Law 101-624 for the Agricultural Resource Conservation Demonstration Program, [\$10,000,000] \$6,881,000. For the cost, as defined in section 502 of the Congressional Budget Act of 1974, \$3,644,000.

AGRICULTURAL RESOURCE CONSERVATION DEMONSTRATION PROGRAM
(On basis of loan level, subsidy, and administration expenses)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1993.....	\$10,000	\$3,644	0
Budget Estimate, 1994.....	<u>6,881</u>	<u>3,644</u>	<u>0</u>
Decrease in Appropriation.....	<u>-3,119</u>	<u>0</u>	<u>0</u>

PROJECT STATEMENT

(On basis of appropriated loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Project	1992 Actual	1993 Appropriated	Decrease	1994 Estimated
Agricultural Resource Conservation Demonstration Program:				
Guaranteed loans.....	\$10,000	\$10,000	\$-3,119	\$6,881
Guaranteed loan subsidy.....	3,416	3,644	0	3,644
Administrative expenses.....	0	0	0	0

Staff-years are reflected in the Salaries and Expense Project Statement.

PROJECT STATEMENT

(On basis of 1993 loan level and subsidy supportable
under 1993 Appropriation Act)
(In thousands of dollars)

Item of Change	1993 Appropriated	Decrease	1993 Current Estimate
Agricultural Resource Conservation Demonstration Program:			
Guaranteed loan.....	\$10,000	\$-3,196	\$6,804
Guaranteed loan subsidy.....	3,644	0	3,644

EXPLANATION OF PROGRAM

The Farms for the Future Act of 1990 (section 1465 of P.L. 101-624) as amended, by section 203 of P.L. 102-237, the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 provided for the issuance of loan guarantees and interest assistance on loans made to state trust funds to assist eligible states in financing a farmland protection effort to preserve vital farmland resources for future generations. Each guarantee shall be for a ten year period covering 100 percent of both principal and interest due. The Secretary shall pay all the interest due for the first five years and no less than three percentage points of

the interest for the next five years. The interest rate is negotiated between the borrower and lender, except that no eligible loan shall bear an interest rate in excess of 10 percent per year. The maximum allowable Federal loan guarantee is no more than double the amount that the eligible state makes available for acquiring and preserving farmland, up to a maximum of \$10 million per year, to each eligible state, through September 30, 1996.

Justification of Decrease

A decrease of \$3,119,000 for agricultural resource conservation loans (\$10,000,000 available in FY 1993).

Need for Change. The Budget proposes a reduction in the amount available for guaranteed loans. The reduction in program level is a result of the proposal to fund subsidy costs at the prior year level. Since the actual costs to subsidize this program have increased from last year due to inflation and interest rate changes, a smaller loan level will be achieved.

Nature of Change. The program level will provide 1 loan in FY 1994.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS 1992 Actual and Estimated 1993 and 1994

Agricultural Credit Insurance Fund Guaranteed Agricultural Resource Conservation Demonstration Loans

	1992 Amount	1993 Amount	1994 Amount
Vermont.....	10,000,000	--	--
Total, Avail./Est..	10,000,000	10,000,000 a/	6,881.000 a/

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include language for this item as follows:

State Mediation Grants:

For grants pursuant to section 502(b) of the Agricultural Credit Act of 1987, as amended (7 U.S.C. 5101-5106), \$3,000,000.

State Mediation Grants

Appropriations Act, 1993.....	\$3,000,000
Budget Estimate, 1994.....	<u>3,000,000</u>
No Change in Appropriation.....	<u>0</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	: 1992	: 1993	:	: 1994
	: Actual	: Appropriation:	Decrease	: Estimated
State mediation grants,	:	:	:	:
appropriation.....	\$2,710,048	\$3,000,000	0	\$3,000,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This program is authorized under Title V of the Agricultural Credit Act of 1987. Grants are made to states which have been certified by FmHA as having an agricultural loan mediation program. Grants will be solely for operation and administration of the state's agricultural loan mediation program. A grant will not exceed 50 percent of the total fiscal year funds that a qualifying state requires to operate and administer its agricultural loan mediation program. In no case will the total amount of a grant exceed \$500,000 annually.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 Actual and Estimated 1993 and 1994

State Mediation Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	143,402	171,433	--
Arizona.....	17,590	17,590	--
Arkansas.....	82,500	82,500	--
Indiana.....	39,140	--	--
Iowa.....	235,800	194,800	--
Kansas.....	425,378	387,769	--
Minnesota.....	300,000	300,000	--
Montana.....	10,000	--	--
Nebraska.....	140,890	157,750	--
New Mexico.....	61,000	117,590	--
North Dakota.....	387,078	389,098	--
Oklahoma.....	170,000	153,800	--
Oregon.....	58,010	52,000	--
South Dakota.....	48,850	45,980	--
Texas.....	413,110	454,421	--
Utah.....	10,000	15,000	--
Wisconsin.....	122,300	136,200	--
Wyoming.....	40,000	20,000	--
Nevada.....	5,000	5,000	--
Reserve.....	--	299,069	--
Total, Avail./Est..	2,710,048	3,000,000	3,000,000 a/

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows:

Grants for Outreach and Technical Assistance for Socially Disadvantaged Farmers

For grants and contracts pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279), \$10,000,000, to remain available until expended.

Grants for Outreach and Technical Assistance for Socially Disadvantaged Farmers

Appropriation Act, 1993.....	0
Budget Estimate, 1994.....	<u>\$10,000,000</u>
Increase in Appropriation.....	<u>10,000,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual	1993 Appropriated	Increase	1994 Estimated
Grants for outreach and technical assistance for socially disadvantaged farmers, appropriation....	0	0	\$10,000,000	\$10,000,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990. The Secretary of Agriculture is empowered to make grants to eligible community based organizations with demonstrated expertise in providing agricultural education or other agricultural related services to socially disadvantaged groups. Also eligible are the 1890 Land-Grant Colleges including Tuskegee Institute, Indian tribal community colleges, Hispanic servicing post-secondary educational institutions, post-secondary educational institutions having the required expertise.

Justification of Increase

An increase of \$10,000,000 for socially disadvantaged farmers outreach and technical assistance grants (no funds available in FY 1993.)

Need for change. The increase is needed to insure that socially disadvantaged groups are receiving the benefits of the agricultural programs carried out by the Department of Agriculture.

Nature of Change. The funding is provided for outreach and assistance programs which will bring more farmers and ranchers included in the socially disadvantaged groups into the mainstream of the agricultural programs that are part of the Department of Agriculture.

Geographic breakdown of estimated obligations of \$10,000,000 for fiscal year 1994 cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Insurance Fund Program Account:

For gross obligations for the principal amount of direct and guaranteed loans as authorized by title V of the Housing Act of 1949, as amended, to be available from funds in the Rural Housing Insurance Fund, as follows: [\$1,624,500,000] \$1,956,343,000 for loans to section 502 borrowers, as determined by the Secretary, of which [\$329,500,000] \$381,768,000 shall be for unsubsidized guaranteed loans; [\$11,330,000] \$11,959,000 for section 504 housing repair loans; [\$16,300,000] \$16,012,000 for section 514 farm labor housing; [\$573,900,000] \$546,878,000 for section 515 rental housing; [\$600,000] \$616,000 for site loans; and [\$187,000,000] \$168,955,000 for credit sales of acquired property: Provided, That up to [\$35,000,000] \$42,556,000 of these funds shall be made available for section 502(g), Deferral Mortgage Demonstration.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: low-income housing section 502 loans, [\$313,039,000] \$321,491,000, of which [\$6,096,000] \$6,261,000 shall be for unsubsidized guaranteed loans; section 504 housing repair loans, [\$4,548,000] \$4,671,000; section 514 farm labor housing, [\$8,029,000] \$8,246,000; section 515 rental housing, [\$305,602,000] \$313,853,000; and credit sales of acquired property, [\$25,039,000] \$25,715,000.

In addition, for administrative expenses necessary to carry out the direct and guaranteed loan programs, [\$427,011,000] \$375,814,000.

RURAL HOUSING INSURANCE FUND PROGRAM ACCOUNT

(On basis of loan levels, subsidies, and administrative expenses)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriations Act, 1993.....	\$2,413,630	\$656,257	\$427,011
Budget Estimate, 1994.....	<u>2,700,763</u>	<u>673,976</u>	<u>375,814</u>
Increase/Decrease in Amount.....	287,133	17,719	-51,197
	=====	=====	=====

FARM SERVICE AGENCY
SUMMARY OF PROGRAM LEVELS: FY 1992 - FY 1994
(Dollars in Thousands)

	FY 1992		FY 1993		FY 1994	
	Actual		Current Estimate		President Budget	
	Number	Amount	Number	Amount	Number	Amount
	-----	-----	-----	-----	-----	-----
RURAL HOUSING PROGRAMS						
Sec 502 Dir Single Fam Housing....	29,847	1,253,800	30,240	1,295,000	42,620	1,874,575
Sec 502 Guar Single Fam./Sub.....	3,844	214,393	9,760	564,305	11,480	681,768
Sec 515 Dir Multi-Fam Housing.....	755	573,900	740	573,900	680	546,878
Sec 504 Housing Repair Loans.....	2,859	11,330	3,380	14,148	9,670	41,959
Sec 504 Repair Lns. - Emer Sup....	0	0	3,000	16,040	0	0
Sec 514 Farm Labor Hsg. Loans.....	53	15,942	53	16,300	52	16,012
Sec 524 RH Site Dev. Loans.....	2	371	2	600	2	616
Credit Sales of Acquired Property.	5,443	183,802	5,480	185,200	4,860	168,955
	-----	-----	-----	-----	-----	-----
Subtotal RH Loans.....	42,803	2,253,538	52,655	2,665,493	69,364	3,330,763
RENTAL ASSISTANCE PROGRAM						
Sec 521 Rental Assistance.....	1,872	319,605	1,853	325,899	2,294	415,917
Sec 502 Rental Assistance.....	1	241	48	11,800	23	5,900
	-----	-----	-----	-----	-----	-----
Subtotal Rental Assistance....	1,873	319,846	1,901	337,699	2,317	421,817
RURAL HOUSING SUPPORT PROGRAMS						
Sec 516 Farm Labor Hsg Grants.....	26	13,519	32	11,294	21	11,297
Sec 516 Farm Lab. Gts. Em. Supp...	0	0	9	10,500	0	0
Sec 504 Housing Repair Grants.....	3,678	12,803	5,283	18,165	8,414	30,838
Sec 504 Hous. Repair Gts. Em. Supp	0	0	2,909	10,000	0	0
Sec 523 Mutual S/H Hsg Grants.....	47	8,104	182	19,888	117	13,094
Sec 509 Construction Defects.....	35	193	265	1,663	106	514
Sec 523 Self-Hous Land Dev. Lns...	1	500	1	500	1	622
Sec 533 Hous Preservataion Gts....	190	23,000	185	23,000	185	23,621
Sec 525 Supr.& Tech. Asst. Gts....	0	0	4	1,000	10	2,568
Housing Vouchers-RRAP Units.....	0	0	0	0	38	75,000
	-----	-----	-----	-----	-----	-----
Subtotal Housing Support.....	3,977	58,119	8,870	96,010	8,892	157,554
TOTAL FmHA HOUSING PROGRAMS.....	48,653	2,631,503	63,426	3,099,202	80,573	3,910,134

FARMERS HOME ADMINISTRATION
COMPARISON OF LOAN DELINQUENT RATE
(Dollars in Thousands)

	September 30, 1991					September 30, 1992						
	All Borrowers		Borrowers Delinquent			All Borrowers		Borrowers Delinquent				
	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Delinquent All	Number	Amount of Loans Outstanding	Number	% of Del	Amount of Delinquent All		
Rural Housing Insurance Fund												
Low to Mod. Inc. Hous. Lns: Repair (Section 504).....	27,600	63,098	2,730	10	701	1	27,238	64,027	10	853	1	
General Purpose (Sec. 502): Interest Credit.....	339,272	11,953,790	59,576	18	53,543	0	330,354	12,047,041	15	45,543	0	
Non-Interest Credit.....	353,012	6,719,607	63,244	18	182,597	3	338,204	6,616,928	15	162,628	2	
Guaranteed Rural Housing.....	558	16,907	48	9	314	2	2,875	143,875	50	2	212	
Above Moderate Income Hous. Loans (Section 502).....	8,466	110,901	714	8	1,509	1	4,667	54,067	390	8	1,213	2
Domestic Farm Labor Loans (Section 514).....	1,303	151,148	101	8	1,381	1	1,301	165,384	98	8	1,266	1
Rental or Cooperative Loans (Section 515).....	16,034	9,942,073	792	5	21,002	0	16,379	10,406,197	432	3	17,144	0
Site Lns (Sec 523 & 524) 1/.....	3	575	2	67	282	49	5	910	1	20	227	25
Nonprogram Loans.....	--	--	--	--	--	--	12,601	261,628	925	7	1,389	1
Total, RHIF.....	746,248	28,958,099	127,207	17	261,329	1	733,624	29,760,057	105,489	14	230,475	1

1/ Activity for Section 523 Site Loans is part of the Self-Help Land Development Fund.

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(Dollar Amount in Thousands)

Program	1991 Actual				1992 Actual			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Rural Housing Insurance Fund:</u>								
<u>Section 502 Single-Family</u>								
<u>Housing:</u>								
Low-Income housing:								
Subsidized	22,614	\$55,256	30,314	\$1,249,562	21,181	\$57,733	27,776	\$1,222,850
Subsidized in lieu of credit sales								
Unsubsidized	356	\$32,194	356	\$11,461	428	\$31,779	428	\$13,601
Unsubsidized low or moderate income loans for servicing or assumptions	249	\$61,072	1,705	\$15,207	253	\$68,569	1,643	\$17,348
Total, Insured Section 502 ..	23,219	\$54,965	32,375	\$1,276,230	21,862	\$57,351	29,847	\$1,253,800
<u>Section 502 Guaranteed loans:</u>								
Subsidized	488	\$61,439	488	\$29,982	0	\$0	0	\$0
Unsubsidized	172	\$48,944	174	\$8,418	3,828	\$56,007	3,844	\$214,393
Total, Guaranteed Section 502 ..	660	\$58,183	662	\$38,401	3,828	\$56,007	3,844	\$214,393
<u>Total, Section 502</u>	<u>23,879</u>	<u>\$55,054</u>	<u>33,037</u>	<u>\$1,314,631</u>	<u>25,690</u>	<u>\$57,150</u>	<u>33,691</u>	<u>\$1,468,193</u>
<u>Credit Sales of Acquired Property:</u>								
Subsidized, unsubsidized, and program ineligible loans	7,420	\$32,485	7,241	\$241,039	5,555	\$33,088	5,443	\$183,802
<u>Section 515 Rural Rental Housing:</u>								
Subsidized loans	15,396	\$37,434	722	\$576,335	14,787	\$38,811	755	\$573,900
<u>Section 521 Rental Assistance Program:</u>								
Renewal/replacement and for various servicing purposes ..	16,155	\$10,636	1,926	\$308,094				
(nonadd new const units) ..	(12,812)							
<u>Section 502(c)(5)(D) Rental Assistance Program:</u>								
In lieu of forgiveness	273	\$11,081	7	\$3,025				
<u>Section 514 Farm Labor Housing Loans 2/</u>	<u>753</u>	<u>\$32,156</u>	<u>57</u>	<u>\$13,836</u>	<u>574</u>	<u>\$50,058</u>	<u>53</u>	<u>\$15,942</u>
<u>Section 504 Very Low Income Housing Repair Loans</u>	<u>2,557</u>	<u>\$4,416</u>	<u>2,951</u>	<u>\$11,292</u>	<u>2,467</u>	<u>\$4,593</u>	<u>2,859</u>	<u>\$11,330</u>
Disaster Emergency Supplemental (included above)								
<u>Section 524 Rural Housing Site Loans</u>	<u>--</u>	<u>--</u>	<u>2</u>	<u>\$600</u>	<u>--</u>	<u>--</u>	<u>2</u>	<u>\$371</u>
<u>TOTAL, Rural Housing Insurance Fund</u>	<u>66,433</u>	<u>\$37,163</u>	<u>45,943</u>	<u>\$2,468,851</u>	<u>49,073</u>	<u>\$45,922</u>	<u>42,803</u>	<u>\$2,253,538</u>

Program	1991 Actual				1992 Actual			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Section 521 Rental Assistance</u>								
<u>Program</u>								
Renewal/replacement and for various servicing purposes. (nonadd new const units)					17,018	\$10,858	1,872	\$319,605
					(12,416)			
<u>Section 502(c)(5)(D) Rental</u>								
<u>Assistance Program</u>								
In lieu of forgiveness					23	\$10,477	1	\$241
<u>Section 516 Farm Labor</u>								
<u>Housing Grants</u>								
Grants 2/	--	--	12	\$10,377	--	--	16	\$12,791
Dire Emergency Supplemental included above).....					--	--	--	--
Contracts	--	--	5	\$290	--	--	10	\$728
<u>Section 523 Mutual and</u>								
<u>Self-Help Housing</u>								
Grants 3/	--	--	41	\$12,034	--	--	40	\$7,776
Contracts	--	--	5	\$1,171	--	--	7	\$328
<u>Section 504 Very Low Income</u>								
<u>Housing Repair Grants</u>	2,882	\$4,420	3,695	\$12,740	2,881	\$4,444	3,678	\$12,803
Dire Emergency Supplemental included above).....					--	--	--	--
<u>Self-Help Land Development</u>								
<u>Fund</u>								
Section 523 Site Loans	--	--	2	\$500	--	--	1	\$500
<u>Rural Housing Voucher Program</u>	--	--	--	--	--	--	--	--
<u>Compensation for Construction</u>								
<u>Defects</u>	--	--	76	\$169	--	--	35	\$193
<u>Section 533 Rural Housing</u>								
<u>Preservation Grants</u>	4,582	\$5,020	193	\$23,000	3,981	\$5,777	190	\$23,000
<u>Section 525 Supervisory and Tech-</u>								
<u>nical Assistance Grants</u>	--	--	--	--	--	--	--	--
<u>TOTAL, RURAL HOUSING</u>								
<u>PROGRAMS</u>	73,897	\$34,225	49,972	\$2,529,132	72,976	\$36,060	48,653	\$2,631,504

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is generally capable of accommodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 3/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

FARMERS HOME ADMINISTRATION
Summary of Rural Housing Programs
(Dollar Amount in Thousands)

Program	1993 Estimate				1994 Estimate			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Rural Housing Insurance Fund:</u>								
<u>Section 502 Single-Family</u>								
<u>Housing:</u>								
Low-Income housing:								
Subsidized	20,940	\$59,456	27,310	\$1,245,000	29,520	\$61,049	38,490	\$1,802,175
Subsidized in lieu of credit								
sales	0	\$0	0	\$0	0	\$0	0	\$0
Unsubsidized	730	\$34,247	730	\$25,000	1,030	\$35,146	1,030	\$36,200
Unsubsidized low or moderate								
income loans for servicing								
or assumptions	--	--	2,200	\$25,000	--	--	3,100	\$36,200
Total, Insured Section 502...	21,670	\$59,760	30,240	\$1,295,000	30,550	\$61,361	42,620	\$1,874,575
Section 502 Guaranteed loans:								
Subsidized	0	\$0	0	\$0	0	\$0	0	\$0
Unsubsidized	9,710	\$58,116	9,760	\$564,305	11,420	\$59,699	11,480	\$681,768
Total, Guaranteed Section 502:	9,710	\$58,116	9,760	\$564,305	11,420	\$59,699	11,480	\$681,768
Total, Section 502	31,380	\$59,251	40,000	\$1,859,305	41,970	\$60,909	54,100	\$2,556,343
<u>Credit Sales of Acquired Property:</u>								
Subsidized, unsubsidized, and								
program ineligible loans	5,600	\$33,071	5,480	\$185,200	5,000	\$33,791	4,860	\$168,955
<u>Section 515 Rural Rental Housing:</u>								
Subsidized loans	14,320	\$40,077	740	\$573,900	13,280	\$41,181	680	\$546,878
<u>Section 521 Rental Assistance</u>								
Program								
Renewal/replacement and for								
various servicing purposes:								
(nonadd new const units)								
<u>Section 502(c)(5)(D) Rental</u>								
Assistance Program								
In lieu of forgiveness								
<u>Section 514 Farm Labor</u>								
Housing Loans 2/	740	\$50,127	53	\$16,300	520	\$51,363	52	\$16,012
<u>Section 504 Very Low Income</u>								
Housing Repair Loans	5,660	\$5,334	6,380	\$30,188	8,460	\$4,960	9,670	\$41,959
Disaster Emergency Supplemental								
included above)	(2,700)	\$5,941	(3,000)	(\$16,040)				
<u>Section 524 Rural Housing</u>								
Site Loans	--	--	2	\$600	--	--	2	\$616
TOTAL, Rural Housing								
Insurance Fund	57,700	\$46,196	52,655	\$2,665,493	69,230	\$48,112	69,364	\$3,330,763

Program	1993 Estimate				1994 Estimate			
	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount	1/ Units	Avg. Unit Cost	Number of Obliga- tions	Dollar Amount
<u>Section 521 Rental Assistance</u>								
<u>Program</u>								
Renewal/replacement and for various servicing purposes..	16,201	11,848	1,860	\$326,780	24,007	12,301	2,300	\$415,917
(nonadd new const units)	(11,380)				(9,804)			
<u>Section 502(c)(5)(D) Rental</u>								
<u>Assistance Program</u>								
In lieu of forgiveness	925	\$11,804	40	\$10,919	487	\$12,115	21	\$5,900
<u>Section 516 Farm Labor</u>								
<u>Housing Grants</u>								
Grants 2/	--	--	28	\$20,794	--	--	13	\$10,697
Dis Emergency Supplemental included above).....	--	--	(9)	(\$10,500)	--	--	--	--
Contracts	--	--	13	\$1,000	--	--	8	\$600
<u>Section 523 Mutual and</u>								
<u>Self-Help Housing</u>								
Grants 3/	--	--	157	\$18,688	--	--	92	\$11,894
Contracts	--	--	25	\$1,200	--	--	25	\$1,200
<u>Section 504 Very Low Income</u>								
<u>Housing Repair Grants</u>	6,550	\$4,299	8,192	\$28,165	7,000	\$4,405	8,414	\$30,838
Dis Emergency Supplemental included above).....	(2,326)	(\$4,299)	(2,909)	(\$10,000)	--	--	--	--
<u>Self-Help Land Development</u>								
<u>Fund</u>								
Section 523 Site Loans	--	--	1	\$500	--	--	1	\$622
<u>Rural Housing Voucher Program</u>								
.....	--	--	--	--	3,750	\$20,000	38	\$75,000
<u>Compensation for Construction</u>								
<u>Defects</u>	--	--	265	\$1,663	--	--	106	\$514
<u>Section 533 Rural Housing</u>								
<u>Preservation Grants</u>	4,000	\$5,750	185	\$23,000	4,000	\$5,905	185	\$23,621
<u>Section 525 Supervisory and Tech-</u>								
<u>nical Assistance Grants</u>	--	--	4	\$1,000	--	--	18	\$4,568
<u>TOTAL, RURAL HOUSING</u>								
<u>PROGRAMS</u>	85,376	\$36,301	63,425	3,099,202	108,474	\$36,065	80,585	3,912,134

- 1/ Numbers in the "units" columns represent housing units provided by FmHA. Each housing unit is generally capable of accommodating one family, although average family size varies among programs. Numbers in parentheses reflect assistance to housing units which are recorded under other programs.
- 2/ Farm labor grants are made in conjunction with loans and the units provided are shown under the loan program. Average unit cost calculation based on total amount of loan and grant programs.
- 3/ Self-help grants provide funds for technical assistance rather than actual construction. The loan funds are usually provided under the section 502 program; therefore, the units assisted are recorded as units financed by section 502.

PROJECT STATEMENT

(On basis of appropriated loan levels, subsidies and administrative expenses)
(In thousands of dollars)

Item of Change	1992 Actual		1993 Appropriated		Increase or Decrease		1994 Estimate	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Single family housing:								
Direct loans.....	\$1,253,800	\$283,860	\$1,295,000	\$306,943	\$279,575 (1):	\$8,287	\$1,574,575	\$315,230
Guaranteed loans unsubsidized.....	214,393	2,423	329,500	6,096	52,268 (2):	165	381,768	6,261
Guaranteed loans subsidized.....	--	--	--	--	--	--	--	--
Multi-family housing direct loans..	573,900	248,499	573,900	305,602	-27,022 (3):	8,251	546,878	313,853
Housing Repair direct loans.....	11,330	4,863	11,330	4,548	629 (4):	123	11,959	4,671
Farm labor housing direct loans.....	15,942	8,802	16,300	8,029	-288 (5):	217	16,012	8,246
Site development direct loans.....	371	1	600	0	16 (6):	0	616	0
Credit sales of acquired property...	183,802	27,005	187,000	25,039	-18,045 (7):	676	168,955	25,715
Unobligated balance, expired.....	223,092	11,372	--	--	--	--	--	--
Unobligated balance, unexpired.....	10,000	5,000	--	--	--	--	--	--
Total:								
Direct loans and subsidies.....	2,157,130	588,102	2,084,130	650,161	234,865	17,554 (8):	2,318,995	667,715
Guaranteed unsubsidized loans								
and subsidies.....	329,500	3,723	329,500	6,096	52,268	165 (9):	381,768	6,261
Guaranteed subsidized loans								
and subsidies.....	--	--	--	--	--	--	--	--
Total Loans and subsidies.....	2,486,630	591,825	2,413,630	656,257	287,133	17,719	2,700,763	673,976
Administrative expenses.....		388,438		427,011				375,814
Unobligated balance, expired.....		38,673		--				--
Total administrative expenses b/.....		427,111		427,011		-51,197 (10):		375,814
Total, Appropriation.....	2,486,630	1,018,936	2,413,630	1,083,268			2,700,763	1,049,790
FY 1992 Emergency Supplemental Act:								
Available carryover.....	--	--	10,000 a/:	5,000 a/:	-10,000	-5,000	0	0
Contingent amount approved.....	--	--	3,500 b/:	1,400 b/:	-3,500	-1,400	0	0
Economic Stimulus.....			237,623	5,421	-237,623	-5,421	0	0
Investment Proposal.....			0	0	630,000	76,698	630,000	76,698
Total, President's Budget.....			2,664,753	1,095,089			3,330,763	1,126,488

Staff-years are reflected in the Salaries and Expenses Project Statement.

a/ The 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, provided for Housing Repair Loans additional direct loan authorization of \$39,500,000 and loan subsidy of \$19,750,000, of which \$14,750,000 shall be available only to the extent an official budget request for a specific dollar amount is transmitted to Congress, to remain available through September 30, 1993, to cover the costs arising from natural disasters. In addition to the \$5,000,000 loan subsidy originally authorized, an official budget request for \$1,400,000 was submitted and approved in FY 1993.

b/ Of the \$427,011,000 for administrative expenses in FY 1993, \$22,265,000 will be retained for obligation of program-related nonrecoverable costs. Of the \$375,814,000 in FY 1994, \$22,180,000 will be retained for obligation of program-related nonrecoverable costs.

PROJECT STATEMENT
(On basis of 1993 loan levels and subsidies supportable
under 1993 Appropriations Act)
(In thousands of dollars)

Item of Change	1993 Appropriated	Increase or Decrease	1993 Current Estimate
	Loan Level	Loan Level	Subsidy
Single family housing:			
Direct loans.....	\$1,295,000	0	\$-35,511
Guaranteed loans unsubsidized.....	329,500	0	-66
Guaranteed loans subsidized.....	0	0	0
Multi-family housing:			
Direct loans.....	573,900	0	-2,985
Housing repair:			
Direct loans.....	11,330	0	-27
Farm labor housing:			
Direct loans.....	16,300	0	-158
Site loans:			
Direct loans.....	600	0	0
Credit sales of acquired property.....	187,000	-1,800	0
Total:	2,084,130	-1,800	2,082,330
Guaranteed unsubsidized loans			
and subsidies.....	329,500	0	-66
Guaranteed subsidized loans			
and subsidies.....	0	0	0
Total Loans and Subsidies.....	2,413,630	-1,800	2,411,830
Staff-years are reflected in the Salaries and Expenses Project Statement.			

Note - Economic Stimulus package and carryover from FY 1992 Dire Emergency Supplemental not included.

* Current Estimate column is based on the second quarter execution calculation. Where loan levels are reduced, the calculated subsidy rate has increased and cannot support the appropriated loan level. Subsidy amounts are reduced when the appropriated loan level does not require as much subsidy.

EXPLANATION OF PROGRAM

As required by Title XIII, section 13201, of the Omnibus Budget Reconciliation Act of 1990, this account records the subsidy costs associated with the direct loan obligations and guaranteed loan commitments of this account in FY 1992 and beyond. Subsidy amounts are obtained by estimating the difference between the Government's cash disbursements and the net present value of the Government's cash inflows resulting from direct and guaranteed loans made through this account. For the requested FY 1994 direct loans of \$2,648,995,000 and guaranteed loans of \$681,768,000, the associated lifetime subsidy is estimated to be \$739,493,000 and \$11,181,000, respectively.

The Rural Housing Insurance Fund (RHIF) was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An Appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966, (Public Law 89-309), to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural Credit Insurance Fund to the Rural Housing Insurance Fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural housing direct loan account to the Rural Housing Insurance Fund.

For other legislative information on the Rural Housing Insurance Fund and FmHA's housing program authorities, Title V of the Housing Act of 1949, as amended, serves as the Agency's primary source of substantive housing legislation.

Rural housing building and repair loans (Section 502 of the Housing Act of 1949, as amended) - Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and not less than 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost-of-money to the Treasury with provisions for interest credit, which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing which is modest in size, design, and cost.

Building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are generally repayable in not more than 33 years; however, persons whose incomes do not exceed 60 percent of the median income for the area could receive loans with maturities of up to 38 years.

Rural housing very low-income repair loans (Section 504 of the Housing Act of 1949, as amended) - Loans are authorized to be made to very low-income individuals and families to repair or rehabilitate their dwellings. The loans are made at 1 percent for a term of not more than 20 years and presently have a maximum loan amount of \$15,000.

Rural rental and cooperative building loans (Section 515 of the Housing Act of 1949, as amended) - Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low-, very low-, and moderate-income in rural areas. Priority for rural rental housing loans is for applicants proposing to serve low- and very low-income families and persons in most rural areas. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost-of-money to the Treasury with provision for interest credits to benefit tenants by reducing the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's

Section 8 rent subsidy program. Loans made for units that have received Section 8 assistance bear an interest rate that is reduced either 1 percent or 2 percent below the unsubsidized rate, depending upon the circumstances of the individual project.

Rural housing site loans (Section 524 of the Housing Act of 1949, as amended) - Loans are made for the purchase and development of land to be subdivided into building sites for low- to moderate-income housing borrowers and rural rental and cooperative housing borrowers. Loans are made at a note rate based on the cost-of-money to the Treasury and are repayable in 2 years.

Farm labor housing loans (Section 514 of the Housing Act of 1949, as amended) - Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farmworkers to provide most living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farmworkers in the area without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

JUSTIFICATION OF INCREASES AND DECREASES

The President's Budget proposes to finance an estimated 108,474 units in 1994 under the housing loan and grant programs. The loan programs under this account will support approximately 69,230 units. FSA is proposing Current Services Baseline program levels for all programs plus an Investment Initiative Package of increases for selected programs.

- (1) An increase of \$279,575,000 in direct single family housing loans (\$1,295,000,000 available in FY 1993).

Need for Change. The Budget proposes to increase direct single family housing loans as the result of inflation and changes in economic assumptions.

Nature of Change. The Budget proposes an increase in the direct single family housing loan program as part of the Administration's efforts to stimulate the economy through rural development. This level will finance an estimated 25,660 units and make 35,800 initial and subsequent loans in FY 1994.

- (2) An increase of \$52,268,000 in unsubsidized guaranteed single family housing loans (\$329,500,000 available in FY 1993).

Need for Change. The Budget proposes to increase guaranteed loans without interest assistance as the result of inflation and changes in economic assumptions.

Nature of Change. The Budget proposes an increase in the guaranteed single family housing loan program as part of the Administration's efforts to stimulate the economy through rural development. This level will finance an estimated 6,395 units without interest assistance in FY 1994.

- (3) A decrease of \$27,022,000 in direct multi-family housing loans (\$573,900,000 available in FY 1993).

Need for Change. The Administration recognizes the need to continue financial assistance through the direct rental housing loan program. This proposed reduction still reflects an increase for inflation, but the deliverable program level has been reduced due to the projected increase in the subsidy rate.

Nature of Change. This level will finance an estimated 13,280 units in FY 1994.

- (4) An increase of \$629,000 in direct very low-income housing repair loans (\$11,330,000 available in FY 1993).

Need for Change. The Budget proposes to increase housing repair loans as the result of inflation and changes in economic assumptions.

Nature of Change. The Budget proposes an increase in the direct housing repair loan program as part of the Administration's efforts to stimulate the economy through rural development. This level will assist 2,756 families with housing repair loans in FY 1994.

- (5) A decrease of \$288,000 in direct farm labor housing loans (\$16,300,000 available in FY 1993).

Need for Change. This proposed reduction still reflects an increase for inflation, but the deliverable program level has been reduced due to the projected increase in the subsidy rate. The Administration recognizes that there is a great need for adequate and suitable housing for both migrant and year-round farm laborers, and the modest decrease will have a minimal impact on the Agency's ability to continue to provide assistance under this loan program.

Nature of Change. This loan program level taken in conjunction with the farm labor grants will produce an estimated 790 units in FY 1994.

- (6) An increase of \$16,000 in direct site loans (\$600,000 available in FY 1993).

Need for Change. The Budget proposes to increase the direct site loan program as a result of inflation and changes in economic assumptions.

Nature of Change. The Budget proposes an increase in the direct site loan program as part of the Administration's efforts to stimulate the economy through rural development. Under proposed funding, an estimate of 2 loans will be made in FY 1994.

- (7) A decrease of \$18,045,000 in credit sales of acquired property (\$187,000,000 available in FY 1993).

Need for Change. The Budget proposes to increase this program as a result of inflation and changes in economic assumptions, but a projected subsidy rate increase has reduced the amount of supportable loan program.

Nature of Change. The level projected is sufficient to cover the estimated need for direct loan financing required to enable the Agency to manage the timely sale of properties acquired in the servicing of its loan portfolio.

- (8) An increase of \$17,554,000 in the direct loan subsidy (\$650,161,000 available in FY 1993).

Need for Change. The estimated subsidy amount is sufficient to support the direct loan obligations associated with the requested FY 1994 loan level, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (9) An increase of \$165,000 in the guaranteed loan subsidy (\$6,096,000 available in FY 1993).

Need for Change. The estimated subsidy amount is necessary to support the unsubsidized guaranteed loan commitment authority requested in FY 1994, as required under the provisions of the Omnibus Budget Reconciliation Act of 1990.

- (10) A decrease of \$51,197,000 in administrative expenses (\$427,011,000 available in FY 1993).

Need for Change. Justification for administrative expenses in the amount of \$353,634,000 and the associated staff-years are reflected in the Salaries and Expenses Project Statement. A balance of \$22,180,000 will be retained by the program account for obligation of program-related, nonrecoverable costs.

Rural Housing Insurance Fund Program Account
Summary of Economic Stimulus Proposal

SUMMARY OF INCREASES - ECONOMIC STIMULUS PROPOSAL
(In thousands of dollars)

Item of Change	FY 1993					
	Base Request		Stimulus Proposal		Total Request	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Single family housing.....						
Direct loans.....	\$1,295,000	\$306,943	0	0	\$1,295,000	\$306,943
Guaranteed loans unsubsidized.....	329,500	6,096	\$234,805	\$4,297	564,305	10,393
Guaranteed loans subsidized.....	--	--	--	--	--	--
Multi-family housing direct loans.....	573,900	305,602	0	0	573,900	305,602
Housing repair direct loans.....	11,330	4,548	2,818	1,124	14,148	5,672
Farm labor housing direct loans.....	16,300	8,029	0	0	16,300	8,029
Site development direct loans.....	600	0	0	0	600	0
Credit sales of acquired property.....	187,000	25,039	0	0	187,000	25,039
Total:						
Direct loans and subsidies.....	2,084,130	650,161	2,818	1,124	2,086,948	651,285
Guaranteed unsubsidized loans						
and subsidies.....	329,500	6,096	234,805	4,297	564,305	10,393
Guaranteed subsidized loans						
and subsidies.....	--	--	--	--	--	--
Total Loans and subsidies.....	2,413,630	656,257	237,623	5,421	2,651,253	661,678

Explanation of Stimulus Proposal

The short-term Economic Stimulus package is proposed to produce more jobs by investing in the nation's infrastructure, to make an added investment to human capital by providing additional assistance to people who are in need, and to provide insurance against a further lapse in the economic recovery. To provide needed assistance for the special concerns of rural areas, the Economic Stimulus proposal includes a total of \$237,623,000 in additional program level above the FY 1993 levels provided by Congress for the Rural Housing Insurance Fund. The Stimulus package proposes an increase of \$2,818,000 in very-low income housing repair loans, and \$234,805,000 in unsubsidized guaranteed single family housing loans. The proposed increases are estimated to provide an additional 673 housing repair loans and 4,040 guaranteed single family housing units. The loan subsidy amounts requested to cover the costs of these loan level increases are \$1,124,000, and \$4,297,000, respectively.

Rural Housing Insurance Fund Program Account
Summary of Investment Proposal

SUMMARY OF INCREASES - INVESTMENT PROPOSAL
(In thousands of dollars)

Item of Change	FY 1994					
	Base Request		Investment Proposal		Total Request	
	Loan Level	Subsidy	Loan Level	Subsidy	Loan Level	Subsidy
Single family housing:						
Direct loans.....	\$1,574,575	\$315,230	\$300,000	\$60,060	\$1,874,575	\$375,290
Guaranteed loans unsubsidized.....	381,768	6,261	300,000	4,920	681,768	11,181
Guaranteed loans subsidized.....	--	--	--	--	--	--
Multi-family housing direct loans.....	546,878	313,853	0	0	546,878	313,853
Housing repair direct loans.....	11,959	4,671	30,000	11,718	41,959	16,389
Farm labor housing direct loans.....	16,012	8,246	0	0	16,012	8,246
Site development direct loans.....	616	0	0	0	616	0
Credit sales of acquired property.....	168,955	25,715	0	0	168,955	25,715
Total:						
Direct loans and subsidies.....	2,318,995	667,715	330,000	71,778	2,648,995	739,493
Guaranteed unsubsidized loans						
and subsidies.....	381,768	6,261	300,000	4,920	681,768	11,181
Guaranteed subsidized loans						
and subsidies.....	--	--	--	--	--	--
Total Loans and subsidies.....	2,700,763	673,976	630,000	76,698	3,330,763	750,674

Explanation of Investment Proposal

The Investment Initiative proposes that additional resources be provided to increase employment opportunities for rural individuals, and to upgrade community infrastructure in order to improve the quality of life for rural residents. Under the Administration's Rural Development Initiative, three programs under the Rural Housing Insurance Fund are proposed for Investment increases in order to improve the housing conditions of low-income, rural residents. The two largest increases are \$300 million increments to both the direct and the guaranteed single family housing programs, estimated to finance an additional 4,890 direct and 5,025 guaranteed single family housing units. A \$30 million increase is also proposed for the very low-income housing repair loan program, estimated to finance an additional 6,914 housing repair loans. The loan subsidy amounts requested to cover the costs of these loan level increases are \$60,060,000, \$4,920,000, and \$11,718,000, respectively.

Proposed Language

Rural Housing Insurance Fund Program Account:

In addition to funding already available, \$630,000,000 for gross obligations for the principal amount of direct and guaranteed loans authorized by title V of the Housing Act of 1949, as amended, to be made available as follows: \$300,000,000 for direct section 502 loans; \$300,000,000 for unsubsidized guaranteed section 502 loans; and \$30,000,000 for direct section 504 housing repair loans: Provided, That up to \$8,108,000 of these funds shall be made available for section 502(q), Deferral Mortgage Demonstration.

For the cost of direct and guaranteed loans, including the cost of modifying loans, as defined in section 502 of the Congressional Budget Act of 1974, as follows: direct section 502 loans, \$60,060,000; unsubsidized guaranteed section 502 loans, \$4,920,000; and direct section 504 loans, \$11,718,000.

This language supports the Administration's effort to provide economic stimulus through investment in improving the national infrastructure.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Low Income Loan Program-Direct Loans

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	33,234,790	30,729,000	52,239,300
Alaska.....	5,086,300	4,225,000	7,182,500
Arizona.....	13,796,230	11,539,000	19,616,300
Arkansas.....	19,993,640	22,938,000	38,994,600
California.....	68,020,970	41,925,000	70,384,325
Colorado.....	16,217,470	10,056,000	17,095,200
Connecticut.....	9,067,380	8,511,000	14,468,700
Delaware.....	4,304,670	2,804,000	4,766,800
Florida.....	40,202,450	29,181,000	49,607,700
Georgia.....	37,522,650	39,601,000	67,321,700
Hawaii.....	6,277,490	3,832,000	6,514,400
Idaho.....	9,146,020	7,794,000	13,249,800
Illinois.....	24,475,860	34,222,000	58,177,400
Indiana.....	34,566,410	31,711,000	53,908,700
Iowa.....	25,211,180	20,444,000	34,754,800
Kansas.....	14,472,230	15,302,000	26,013,400
Kentucky.....	37,643,400	35,840,000	60,928,000
Louisiana.....	16,849,470	26,784,000	45,532,800
Maine.....	41,688,670	11,603,000	19,725,100
Maryland.....	18,037,660	13,124,000	22,310,800
Massachusetts.....	19,116,430	14,194,000	24,129,800
Michigan.....	39,415,780	40,091,000	68,154,700
Minnesota.....	35,332,870	23,365,000	39,720,500
Mississippi.....	39,740,400	26,701,000	45,391,700
Missouri.....	29,201,780	28,676,000	48,749,200
Montana.....	3,893,970	6,621,000	11,255,700
Nebraska.....	5,582,370	9,771,000	16,610,700
Nevada.....	5,174,690	2,345,000	3,986,500
New Hampshire.....	21,074,300	7,111,000	12,088,700
New Jersey.....	12,870,320	11,279,000	19,174,300
New Mexico.....	11,121,530	9,531,000	16,202,700
New York.....	39,601,830	40,165,000	68,280,500
North Carolina.....	53,150,520	53,904,000	90,748,625
North Dakota.....	5,954,470	5,534,000	9,407,800
Ohio.....	47,397,810	46,730,000	79,441,000
Oklahoma.....	8,950,250	19,616,000	33,347,200
Oregon.....	20,518,200	16,069,000	27,317,300
Pennsylvania.....	68,590,300	55,682,000	93,771,225
Rhode Island.....	2,339,950	1,781,000	3,027,700
South Carolina.....	32,346,860	27,328,000	46,457,600
South Dakota.....	11,120,620	6,781,000	11,527,700
Tennessee.....	37,006,000	33,930,000	57,681,000
Texas.....	22,719,210	60,300,000	101,621,825
Utah.....	6,266,770	4,448,000	7,561,600
Vermont.....	18,503,120	5,561,000	9,453,700
Virginia.....	38,389,470	34,176,000	58,099,200
Washington.....	32,681,900	18,874,000	32,085,800
West Virginia.....	24,081,960	22,071,000	37,520,700
Wisconsin.....	28,103,570	27,312,000	46,430,400
Wyoming.....	5,773,390	3,959,000	6,730,300
Puerto Rico.....	43,450,210	28,932,000	49,184,400
Trust Territories..	3,647,960	4,600,000	7,820,000
Virgin Islands.....	4,866,130	5,178,000	8,802,600
General Reserve....	--	35,469,000	--
Designated Reserves	--	154,750,000	--

Total Avail./Est.... 1,253,799,880 1,295,000,000 a/ 1,874,575,000 b/

a/ This includes up to \$35 million for the Deferred Mortgage Demonstration Project.

b/ Includes Investment Proposal.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Low Income Loan Program-Guaranteed Non-Subsidized Loans

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	708,910	8,104,000	17,828,800
Alaska.....	1,737,600	1,348,000	2,965,600
Arizona.....	2,101,150	3,352,000	7,374,400
Arkansas.....	2,127,840	6,359,000	13,989,800
California.....	3,019,240	13,685,000	30,107,000
Colorado.....	2,526,190	3,136,000	6,899,200
Connecticut.....	1,109,600	2,582,000	5,680,400
Delaware.....	1,041,030	1,000,000	2,634,000
Florida.....	9,751,270	8,692,000	19,122,400
Georgia.....	41,218,860	11,390,000	25,058,000
Hawaii.....	84,400	1,434,000	3,154,800
Idaho.....	803,300	2,178,000	4,791,600
Illinois.....	4,577,110	9,569,000	21,051,800
Indiana.....	2,267,690	8,067,000	17,747,400
Iowa.....	4,339,810	5,307,000	11,675,400
Kansas.....	838,360	3,971,000	8,736,200
Kentucky.....	3,331,370	9,693,000	21,324,600
Louisiana.....	2,603,800	7,263,000	15,978,600
Maine.....	7,448,800	3,525,000	7,755,000
Maryland.....	5,198,380	3,760,000	8,272,000
Massachusetts.....	6,457,860	4,581,000	10,078,200
Michigan.....	5,246,470	10,940,000	24,068,000
Minnesota.....	14,208,880	6,091,000	13,400,200
Mississippi.....	355,550	7,236,000	15,919,200
Missouri.....	7,744,650	7,656,000	16,843,200
Montana.....	125,000	1,788,000	3,933,600
Nebraska.....	1,123,350	2,374,000	5,222,800
Nevada.....	239,300	1,000,000	2,200,000
New Hampshire.....	1,155,500	2,250,000	4,950,000
New Jersey.....	865,600	3,450,000	7,590,000
New Mexico.....	1,087,240	2,712,000	5,966,400
New York.....	109,500	12,088,000	26,593,600
North Carolina.....	8,271,190	15,037,000	33,081,400
North Dakota.....	25,890	1,430,000	3,146,000
Ohio.....	14,999,650	12,862,000	28,296,400
Oklahoma.....	776,300	5,084,000	11,184,800
Oregon.....	1,399,380	4,983,000	10,962,600
Pennsylvania.....	2,567,290	15,665,000	34,463,000
Rhode Island.....	654,850	1,000,000	2,634,000
South Carolina.....	4,845,170	7,686,000	16,909,200
South Dakota.....	3,510,530	1,906,000	4,193,200
Tennessee.....	4,506,070	8,992,000	19,782,400
Texas.....	1,030,520	15,903,000	34,986,600
Utah.....	2,361,950	1,231,000	2,708,200
Vermont.....	89,710	1,804,000	3,968,800
Virginia.....	19,653,530	9,343,000	20,554,600
Washington.....	3,877,920	5,681,000	12,498,200
West Virginia.....	753,800	5,875,000	12,925,000
Wisconsin.....	2,273,560	7,340,000	16,148,000
Wyoming.....	6,599,020	1,152,000	2,534,400
Puerto Rico.....	453,530	7,945,000	17,479,000
Trust Territories....	--	1,000,000	2,200,000
Virgin Islands.....	188,000	1,000,000	2,200,000
General Reserve.....	--	20,000,000	--
Total, Available or Estimate.....	214,391,470	329,500,000 a/	681,768,000 b/

a/ Excludes Stimulus Proposal.

b/ Includes Investment Proposal.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Very-Low Income Housing Repair Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	383,090	292,000	1,241,000
Alaska.....	4,100	49,000	208,250
Arizona.....	76,370	116,000	493,000
Arkansas.....	329,510	213,000	905,250
California.....	215,560	348,000	1,479,000
Colorado.....	85,630	75,000	318,750
Connecticut.....	17,030	47,000	199,750
Delaware.....	16,990	21,000	89,250
Florida.....	201,710	232,000	986,000
Georgia.....	387,070	362,000	1,538,500
Hawaii.....	22,410	39,000	165,750
Idaho.....	35,610	60,000	255,000
Illinois.....	261,640	253,000	1,075,250
Indiana.....	94,440	225,000	956,250
Iowa.....	235,550	146,000	620,500
Kansas.....	105,990	110,000	467,500
Kentucky.....	565,930	351,000	1,491,750
Louisiana.....	386,770	262,000	1,113,500
Maine.....	255,920	93,000	395,250
Maryland.....	56,170	100,000	425,000
Massachusetts.....	72,850	90,000	382,500
Michigan.....	178,050	284,000	1,207,000
Minnesota.....	262,540	182,000	773,500
Mississippi.....	371,870	267,000	1,134,750
Missouri.....	284,480	231,000	981,750
Montana.....	16,330	52,000	221,000
Nebraska.....	128,000	69,000	293,250
Nevada.....	15,890	18,000	76,500
New Hampshire.....	48,970	48,000	204,000
New Jersey.....	80,350	67,000	284,750
New Mexico.....	151,900	99,000	420,750
New York.....	364,020	265,000	1,126,250
North Carolina.....	368,290	465,000	1,976,250
North Dakota.....	9,550	42,000	178,500
Ohio.....	292,650	346,000	1,470,500
Oklahoma.....	99,570	169,000	718,250
Oregon.....	161,710	122,000	518,500
Pennsylvania.....	741,640	388,000	1,649,000
Rhode Island.....	--	11,000	46,750
South Carolina.....	338,240	251,000	1,066,750
South Dakota.....	38,290	55,000	233,750
Tennessee.....	364,550	307,000	1,304,750
Texas.....	646,950	557,000	2,367,250
Utah.....	7,871	36,000	153,000
Vermont.....	26,060	39,000	165,750
Virginia.....	290,200	311,000	1,321,750
Washington.....	158,380	143,000	607,750
West Virginia.....	300,500	199,000	845,750
Wisconsin.....	289,690	199,000	845,750
Wyoming.....	8,070	32,000	136,000
Puerto Rico.....	238,060	356,000	1,513,000
Trust Territories..	1,223,890	754,000	3,203,250
Virgin Islands.....	12,600	25,000	106,250
General Reserve....	--	890,000	--
Designated Reserve.	--	567,000	--
Undistributed.....	--	13,500,000 a/	--
Total Avail./Est...	11,329,501	24,830,000 b/	41,959,000 c/

a/ \$39,500,000 authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-368, dated September 23, 1992, to provide assistance to distressed communities as a result of natural disasters. To date, \$13,500,000 has been requested and made available.

b/ Excludes Stimulus Proposal.

c/ Includes Investment Proposal.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Rural Rental Loan Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	16,345,020	15,781,000	17,753,625
Alaska.....	2,425,000	2,094,000	2,355,750
Arizona.....	6,648,100	5,909,000	6,647,625
Arkansas.....	13,761,690	11,806,000	13,281,750
California.....	17,033,590	17,062,000	19,194,750
Colorado.....	3,801,020	3,901,000	4,388,625
Connecticut.....	3,031,890	2,414,000	2,715,750
Delaware.....	2,249,000	1,750,000	1,996,188
Florida.....	19,038,370	12,594,000	14,168,250
Georgia.....	24,549,540	19,638,000	22,092,750
Hawaii.....	--	1,794,000	2,018,250
Idaho.....	4,708,320	3,347,000	3,765,375
Illinois.....	11,978,660	12,400,000	13,950,000
Indiana.....	13,588,570	11,367,000	12,787,875
Iowa.....	11,560,520	7,566,000	8,511,750
Kansas.....	5,728,680	5,656,000	6,363,000
Kentucky.....	21,461,800	18,970,000	21,341,250
Louisiana.....	12,102,100	14,216,000	15,993,000
Maine.....	12,017,800	4,873,000	5,482,125
Maryland.....	7,741,700	4,904,000	5,517,000
Massachusetts.....	4,185,250	4,487,000	5,047,875
Michigan.....	16,688,130	14,529,000	16,345,125
Minnesota.....	13,685,440	9,348,000	10,516,500
Mississippi.....	17,710,730	14,998,000	16,872,750
Missouri.....	14,971,690	12,277,000	13,811,625
Montana.....	156,170	2,680,000	3,015,000
Nebraska.....	5,324,330	3,736,000	4,203,000
Nevada.....	1,513,200	1,750,000	1,996,187
New Hampshire.....	4,275,390	2,424,000	2,727,000
New Jersey.....	4,151,900	3,453,000	3,884,625
New Mexico.....	6,602,330	5,250,000	5,906,250
New York.....	19,864,160	13,954,000	15,698,250
North Carolina.....	31,934,260	24,464,000	27,522,000
North Dakota.....	1,805,000	2,367,000	2,662,875
Ohio.....	19,059,130	17,457,000	19,639,125
Oklahoma.....	9,873,550	8,948,000	10,066,500
Oregon.....	7,870,780	6,107,000	6,870,375
Pennsylvania.....	20,379,950	19,400,000	21,825,000
Rhode Island.....	1,200,000	1,750,000	1,968,750
South Carolina.....	14,036,710	13,391,000	15,064,875
South Dakota.....	7,171,510	3,232,000	3,636,000
Tennessee.....	16,780,570	16,504,000	18,567,000
Texas.....	29,933,600	28,384,000	31,932,000
Utah.....	1,734,260	1,954,000	2,198,250
Vermont.....	3,729,780	2,102,000	2,364,750
Virginia.....	19,602,990	15,190,000	17,088,750
Washington.....	13,961,120	7,046,000	7,926,750
West Virginia.....	11,681,060	10,169,000	11,440,125
Wisconsin.....	12,722,620	9,787,000	11,010,375
Wyoming.....	1,477,400	1,750,000	1,968,750
Puerto Rico.....	27,317,910	27,385,000	30,808,125
Virgin Islands.....	2,727,150	1,750,000	1,968,750
Trust Territories..	--	1,750,000	--
N/O Reserves.....	--	86,085,000	--
Total Avail./Est...	573,899,440	573,900,000	546,878,000

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Farm Labor Housing Loan Program

	1992 Amount	1993 Amount	1994 Amount
Arizona.....	--		
Arkansas.....	230,500	--	--
California.....	7,800,800	--	--
Colorado.....	997,630	--	--
Delaware.....	677,470		
Florida.....	2,706,610	--	--
Georgia.....	30,000		
Hawaii.....	577,800	--	--
Idaho.....	394,000		
Maine.....	--	--	--
Michigan.....	135,000	--	--
Minnesota.....	--	--	--
Mississippi.....	238,000	--	--
Nevada.....	132,400		
New Hampshire.....	--	--	--
New Jersey.....	567,400	--	--
New York.....	92,000	--	--
Oregon.....	457,200	--	--
Vermont.....	839,000	--	--
Virginia.....	66,630		
Washington.....	--	--	--
Wisconsin.....	--	--	--
Total Avail./Est....	15,942,440	16,300,000 a/	16,012,0

Rural Housing Site Loan Program

California.....	350,000	--	--
Minnesota.....	21,400	--	--
Total Avail./Est...	371,400	600,000 a/	616,00

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Housing Credit Sales

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	9,322,770	--	--
Alaska.....	971,880	--	--
Arizona.....	3,953,910	--	--
Arkansas.....	4,577,600	--	--
California.....	3,660,210	--	--
Colorado.....	2,049,300	--	--
Connecticut.....	250,700	--	--
Delaware.....	122,500	--	--
Florida.....	10,088,020	--	--
Georgia.....	11,155,810	--	--
Idaho.....	3,553,070	--	--
Illinois.....	2,317,940	--	--
Indiana.....	2,636,550	--	--
Iowa.....	420,620	--	--
Kansas.....	1,134,460	--	--
Kentucky.....	2,825,350	--	--
Louisiana.....	9,772,310	--	--
Maine.....	764,770	--	--
Maryland.....	384,910	--	--
Massachusetts.....	490,490	--	--
Michigan.....	2,769,320	--	--
Minnesota.....	1,031,300	--	--
Mississippi.....	15,788,620	--	--
Missouri.....	8,890,040	--	--
Montana.....	921,500	--	--
Nebraska.....	1,021,510	--	--
Nevada.....	484,570	--	--
New Hampshire.....	336,400	--	--
New Jersey.....	800,550	--	--
New Mexico.....	3,354,810	--	--
New York.....	834,160	--	--
North Carolina.....	7,023,430	--	--
North Dakota.....	2,311,880	--	--
Ohio.....	2,500,030	--	--
Oklahoma.....	5,525,720	--	--
Oregon.....	3,513,870	--	--
Pennsylvania.....	520,930	--	--
Rhode Island.....	95,660	--	--
South Carolina.....	14,424,380	--	--
South Dakota.....	245,500	--	--
Tennessee.....	6,331,510	--	--
Texas.....	12,986,670	--	--
Utah.....	2,151,160	--	--
Vermont.....	105,000	--	--
Virginia.....	4,729,440	--	--
Washington.....	1,093,530	--	--
West Virginia.....	3,058,270	--	--
Wisconsin.....	2,569,590	--	--
Wyoming.....	1,174,470	--	--
Puerto Rico.....	6,755,010	--	--
Total Avail./Est...	183,802,000	187,000,000 a/	168,955,000 a/

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rental Assistance Program:

- 1 For rental assistance agreements entered into or renewed pursuant to the
 2 authority under section 521(a)(2) or agreements entered into in lieu of debt
 3 forgiveness or payments for eligible households as authorized by section
502(c)(5)(D) of the Housing Act of 1949, as amended, [\$337,699,000]
\$346,817,000; and in addition such sums as may be necessary, as authorized
 4 by section 521(c) of the Act, to liquidate debt incurred prior to fiscal
 year [1993] 1992 to carry out the Rental Assistance Program under section
 521(a)(2) of the Act: Provided, [That of this amount not more than
 \$11,800,000 shall be available for debt forgiveness or payments for eligible
 households as authorized by section 502(c)(5)(D) of the Act, and not to
 exceed \$10,000 per project for advances to nonprofit organizations or public
 agencies to cover direct costs (other than purchase price) incurred in
 purchasing projects pursuant to section 502(c)(5)(C) of the Act: Provided
 further, That of this amount not less than \$122,532,000 is available for
 newly constructed units financed by section 515 of the Housing Act of 1949,
 as amended, and not more than \$5,214,000 is for newly constructed units
 financed under sections 514 and 516 of the Housing Act of 1949: Provided
 further, That \$199,034,000 is available for expiring agreements and for
 servicing of existing units without agreements: Provided further,] That
 agreements entered into or renewed during fiscal year [1993] 1994 shall be
 funded for a five-year period, although the life of any such agreement may
 be extended to fully utilize amounts obligated[: Provided further, That
 agreements entered into or renewed during fiscal years 1989, 1990, 1991, and
 1992 may also be extended beyond five years to fully utilize amounts
 obligated].

The first change restates and relocates the existing language which authorizes the use of funds for rental assistance agreements for making such payments in lieu of debt forgiveness.

The second change corrects the fiscal year cited as the first year this authority was established in this account. Obligations prior to fiscal year 1992 were funded under the Rural Housing Insurance Fund, and as such were originally financed with that fund's authority to borrow. The unliquidated balances of contracts obligated prior to FY 1992 were transferred to this account at the beginning of FY 1992 under credit reform regulations. To liquidate the balances of rental assistance contracts transferred, the Agency replaces borrowing authority with a current indefinite appropriation each year as needed to honor payment requests.

The third change deletes language concerning authorizing and limiting cost advances to nonprofit organizations or public agencies from the rental assistance program account. These cost advances are not part of the rental assistance program nor are they even related to this program. Before Credit Reform, similar language was under the Rural Housing Insurance Fund, where it was inappropriately identified to be a component of the calculated annual appropriation for loss. The remainder of the language deletion removes activity level limitations for the various categorical uses of rental assistance (new construction, renewals, servicing, and debt forgiveness). The language requested will provide the Agency with programmatic flexibility to address its evolving rural rental assistance needs and will aid the Agency in formulating an optimum mix for rental assistance usage.

The fourth change deletes language providing for the extension of five-year rental assistance agreements for the fiscal years of 1989, 1990, 1991, and 1992. This language had been included when rental assistance was transferred out of the Rural Housing Insurance Fund in fiscal year 1992. Prior years were included in the language to ensure their coverage under the new account. This language is no longer necessary.

Rental Assistance Program

Appropriations Act, 1993.....	\$337,699,000
Budget Estimate, 1994.....	346,817,000
Increase in Appropriation.....	9,118,000
	=====

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Rental assistance (sec. 521)...	\$319,605	\$325,899	\$15,018 (1)	\$340,917
Rental assistance in lieu of debt forgiveness (sec. 502(c)(5)(D)).....	241	11,800	-5,900 (2)	5,900
Unobligated balance, expiring..	54	--		--
Total Appropriation.....	319,900	337,699	9,118	346,817
Investment Proposal.....		--	75,000	75,000
Total President's Budget.....		337,699	84,118	421,817
			=====	

Staff years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

The rental assistance program is authorized under section 521(a)(2) of the Housing Act of 1949, as amended. The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, or the farm labor housing loan and grant programs. Rental assistance payments are authorized to be made to owners of FmHA financed rural rental or cooperative housing or domestic farm labor housing facilities in order that low-income tenants will contribute towards their rent no more than the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency. Under this program, funding is provided for newly constructed units, renewals of existing rental assistance contracts, and for additional servicing assistance for existing projects.

Beginning in FY 1989, Congress has authorized and appropriated assistance under section 502(c)(5)(D) for debt forgiveness or payments for eligible households to subsidize tenant rents in projects purchased by eligible nonprofit organizations or public agencies to prevent diversion of low-income rental housing by virtue of section 515 loan prepayment. The agency has used the subsidy payment mechanism of the rental assistance program to accomplish this mandate.

JUSTIFICATION OF INCREASE/DECREASE

- (1) An increase of \$15,018,000 for the section 521 rental assistance program (\$325,899,000 available in FY 1993).

Need for Change. The Budget proposes to continue the section 521 rental assistance program at the 1993 level plus inflation.

Nature of Change. The baseline level will enable the Agency to provide section 521 rental assistance payments to an estimated 27,870 units (18,070 units for renewals and 9,800 units for new construction). The units supported increases to an estimated 33,810 when including the Investment increase (22,870 units for renewals, 9,800 units for new construction, and 1,140 units for servicing and other purposes). This increased level should provide adequate new construction coverage, should satisfy the anticipated rental assistance contract renewal requirements, and provide a minimal number of units for servicing needs.

- (2) A decrease of \$5,900,000 for the section 502(c)(5)(D) rental assistance program (\$11,800,000 available in FY 1993).

Need for Change. The Budget proposes to continue providing rental assistance as needed through the section 502(c)(5)(D) rental assistance program in the form of monthly payments (in lieu of forgiveness of debt) to ensure that low and very low-income families are not adversely impacted by the sale (at market value) of existing projects to participating nonprofit housing organizations. However, since activity under this program has not approached appropriated levels to date as project owners have opted to accept the "incentive program" rather than sell their projects to participating nonprofit organizations, a reduction of 50 percent in program level is proposed for FY 1994.

Nature of Change. The reduced program level will still enable the Agency to provide section 502(c)(5)(D) rental assistance payments to an estimated 490 units.

Rental Assistance Program
Summary of Investment Proposal

SUMMARY OF INCREASE - INVESTMENT PROPOSAL
(In thousands of dollars)

Project	FY 1994		
	Base Request	Investment Proposal	Total Request
Rental assistance (sec. 521).....	\$340,917	\$75,000	\$415,917
Rental assistance in lieu of debt forgiveness (sec. 502(c)(5)(D)).....	5,900	0	5,900
<u>Total Appropriation.....</u>	<u>346,817</u>	<u>75,000</u>	<u>421,817</u>

Explanation of Investment Proposal

The Investment Initiative proposes that additional resources be provided to improve the quality of life for rural residents. Under the Administration's Rural Development Initiative, the Investment in the Rental Assistance Program will improve the housing conditions of very low-income, rural residents. The proposed increase of \$75,000,000 will enable the Agency to make available an estimated additional 5,940 FSA-financed rental housing units to very low-income tenants at affordable rental rates.

The proposed Investment increment of \$75,000,000 allows the Agency to meet the increasing contract renewal need and provides a minimal number of units for servicing needs. The anticipated rental assistance contract renewal requirements are currently projected at 22,870 units in FY 1994, increasing to 37,700 units by FY 1997. Also, a recent survey conducted by the Agency indicated that over 80,000 existing tenants are rent-overburdened and need rental assistance, and that there are 22,800 vacant units that could use rental assistance to attract eligible applicants.

Proposed Language

Rental Assistance Program:

In addition to funding already available, \$75,000,000 for rental assistance agreements entered into or renewed pursuant to the authority under section 521(a)(2) of the Housing Act of 1949, as amended: Provided, That agreements entered into or renewed during fiscal year 1994 shall be funded for a five-year period, although the life of any such agreement may be extended to fully utilize amounts obligated.

This language supports the Administration's effort to provide economic stimulus through investment in improving the national infrastructure.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Rural Rental Assistance Payments (Sec. 521)

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	10,362,247	--	--
Alaska.....	1,877,548	--	--
Arizona.....	5,606,370	--	--
Arkansas.....	7,157,657	--	--
California.....	11,068,004	--	--
Colorado.....	4,272,597	--	--
Connecticut.....	1,131,340	--	--
Delaware.....	2,050,592	--	--
Florida.....	17,583,830	--	--
Georgia.....	7,934,748	--	--
Hawaii.....	732,942	--	--
Idaho.....	3,706,739	--	--
Illinois.....	9,992,027	--	--
Indiana.....	5,427,491	--	--
Iowa.....	6,563,101	--	--
Kansas.....	2,922,403	--	--
Kentucky.....	9,942,761	--	--
Louisiana.....	11,963,946	--	--
Maine.....	16,513,179	--	--
Maryland.....	6,247,481	--	--
Massachusetts.....	2,607,841	--	--
Michigan.....	7,825,576	--	--
Minnesota.....	5,538,105	--	--
Mississippi.....	17,203,879	--	--
Missouri.....	3,601,600	--	--
Montana.....	1,033,956	--	--
Nebraska.....	2,197,491	--	--
Nevada.....	740,343	--	--
New Hampshire.....	3,170,902	--	--
New Jersey.....	2,937,782	--	--
New Mexico.....	3,711,926	--	--
New York.....	6,719,478	--	--
North Carolina.....	18,343,048	--	--
North Dakota.....	1,906,030	--	--
Ohio.....	9,031,377	--	--
Oklahoma.....	5,305,664	--	--
Oregon.....	5,715,760	--	--
Pennsylvania.....	11,546,824	--	--
Rhode Island.....	513,720	--	--
South Carolina.....	6,403,945	--	--
South Dakota.....	4,913,339	--	--
Tennessee.....	6,403,176	--	--
Texas.....	15,328,875	--	--
Utah.....	2,312,100	--	--
Vermont.....	1,132,895	--	--
Virginia.....	9,628,264	--	--
Washington.....	5,027,914	--	--
West Virginia.....	5,838,956	--	--
Wisconsin.....	4,270,228	--	--
Wyoming.....	1,268,674	--	--
Puerto Rico.....	3,970,917	--	--
Virgin Islands.....	638,765	--	--
Total Avail./Est....	319,846,353	325,899,000 a/	415,917,000 a/b/

a/ Cannot be distributed by geographic area in advance.

b/ Includes Investment Proposal.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Insurance Fund
Rental Assistance (Sec. 502 (c)(5)(D))

	1992 Amount	1993 Amount	1994 Amount
Iowa.....	240,971	--	--
Total Avail.Est....	240,971	11,800,000 a/	5,900,000

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY
Rural Housing Voucher Program

Appropriations Act, 1993.....	0
Budget Estimate, 1994.....	0
Increase in Appropriation.....	0
	=====

PROJECT STATEMENT
(On basis of appropriation)
(In thousands of dollars)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Rural housing vouchers, appropriation.....	0	0	0	0
Investment Proposal.....			\$75,000	\$75,000
Total President's Budget..			75,000	75,000
				=====

Staff years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

The Rural Housing Voucher Program is authorized under section 542 of Title V of the Housing Act of 1949, as amended. This program will provide housing assistance payments to individuals and families based on the difference between what the family can afford for rental housing, up to 30 percent of their income, and the cost of rental housing in the community, based on the fair market rental rate established by the Secretary for the area.

This appropriation account will also continue to disburse funds for new construction rental assistance units obligated in prior years.

Rural Housing Voucher Program
Summary of Investment Proposal

SUMMARY OF INCREASE - INVESTMENT PROPOSAL
(In thousands of dollars)

Project	Base Request	Investment Proposal	Total Request
Rural housing vouchers, appropriation.....	0	\$75,000	\$75,000
			=====

Explanation of Investment Proposal

The investment proposal for the voucher program will improve the housing conditions of very low-income, rural residents. A rural rental subsidy similar to rental assistance will be provided through housing vouchers, targeted for areas where rural housing units are available but not currently affordable for very low-income persons. The \$75,000,000 investment in this program will provide 5-year voucher agreements for an estimated 3,750 housing units. These vouchers could be used for any available housing in the area that best meets the tenant's needs, and can be used for, but is not tied to, FSA-financed rental units.

Proposed Language

Rural [Rental Assistance Payments] Housing Voucher Program:

For necessary expenses to operate a rural housing voucher program as authorized by section 542 of title V of the Housing Act of 1949, as amended, \$75,000,000, to be administered by the Secretary of Agriculture.

This language supports the Administration's effort to provide economic stimulus through investment in improving the national infrastructure.

Geographic breakdown of obligations of \$75,000,000 for FY 1994 cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Self-Help Housing Land Development Fund Program Account:

For direct loans pursuant to section 523(b)(1)(B) of the Housing Act of 1949, as amended (42 U.S.C. 1490c), [\$500,000] \$622,000.

For an amount, for the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct loans [\$22,000] \$23,000.

In addition, for administrative expenses necessary to carry out the direct loan program, [\$21,000] \$14,000.

Self-Help Housing Land Development Fund - Program Account
(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

	<u>Loan Level</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Appropriation Act, 1993.....	\$500	\$22	\$21
Budget Estimate, 1994.....	<u>622</u>	<u>23</u>	<u>14</u>
Change in Appropriation.....	<u>+122</u>	<u>+1</u>	<u>-7</u>

PROJECT STATEMENT

(On basis of loan level, subsidy, and administrative expenses)
(In thousands of dollars)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Self-Help housing site loans:				
Direct loans.....	\$500	\$500	\$122 (1)	\$622
Direct loans subsidy.....	28	22	1 (2)	23
Administrative expense.....	21	21	-7 (3)	14

Staff-years are reflected in the Salaries and Expenses Project Statement.

PROJECT STATEMENT

(On basis of 1993 loan level and subsidy supportable
under 1993 Appropriation Act)
(In thousands of dollars)

Item of Change	1993 Appropriated	Decrease	1993 Current Estimate
Self-help housing site loans:			
Direct loans.....	\$500	0	\$500
Direct loan subsidy.....	22	\$-13	9

EXPLANATION OF PROGRAM

This revolving fund is authorized under Section 523 (b)(1)(B) of the Housing Act of 1949, as amended. The fund is used for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$122,000 for mutual and self-help housing site loan program (\$500,000 available in FY 1993).

Need for Change. The Budget proposes an increase in the amount available for mutual and self-help housing site loans as part of the Administration's efforts to encourage greater rural development.

Nature of Change. The program level will provide 1 loan in FY 1994.

- (2) An increase of \$1,000 for the direct loan subsidy (\$22,000 available in FY 1993).

Need for Change. This estimated subsidy amount is necessary to support the direct loan obligations associated with the supportable FY 1994 loan level.

- (3) An decrease of \$7,000 in administrative expenses (\$21,000 available in FY 1993).

Need for Change. Justification for administrative expenses in the amount of \$14,000 and related staff-years is reflected in the Salaries and Expenses Project Statement.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Self-Help Housing Land Development Fund

	1992 Amount	1993 Amount	1994 Amount
	_____	_____	_____
California.....	500,000	--	--
	_____	_____	_____
Total Avail./Est...	500,000	500,000 a/	622,000 a/
	_____	_____	_____
	_____	_____	_____

a/ Cannot be distributed by geographic area in advance.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Very Low-Income Housing Repair Grants

For grants to the very low-income elderly for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, as amended, [\$12,500,000] \$12,838,000 to remain available until expended.

Very Low-Income Housing Repair Grants

Appropriation Act, 1993.....	\$12,500,000
Budget Estimate, 1994.....	<u>12,838,000</u>
Increase in Appropriation.....	<u>338,000</u>

PROJECT STATEMENT

(On basis of appropriation and
on basis of obligations under available funds)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Very low-income housing repair grants.....	\$12,802,968	\$22,529,640	\$-9,691,640	\$12,838,000
Recovery of prior year obligations.....	-312,681	0	0	0
Unobligated balance available, start of year.....	-19,927	-10,029,640	10,029,640	0
Unobligated balance available, end of year.....	<u>10,029,640</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Appropriation.....	22,500,000	12,500,000	338,000	12,838,000
Economic Stimulus.....		5,635,000		
Investment Proposal.....				<u>18,000,000</u>
Total President's Budget..		<u>18,135,000</u>		<u>30,838,000</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 504 of the Housing Act of 1949, as amended. The rural housing repair grant program is carried out by making grants to very low-income elderly owner-occupants to make necessary repairs to improve and modernize their dwellings in order to remove safety and health hazards.

The grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan. The Agency has determined that grants carry a lifetime assistance limitation of \$5,000 per recipient; and the maximum loan assistance is \$15,000.

JUSTIFICATION OF INCREASE

An increase of \$338,000 for very low-income housing repair grants (\$12,500,000 available in FY 1993).

Need for Change. This increase is part of the Administration's effort to stimulate the economy in rural communities.

Nature of Change. The increased funds for the program reflect the impact of inflation on the 1993 level.

Summary of Investment Proposal

SUMMARY OF INCREASES AND DECREASES - INVESTMENT PROPOSAL

<u>Item of Change</u>	<u>1994</u>		<u>Total Request</u>
	<u>Base Request</u>	<u>Investment Proposal</u>	
Very low-income housing repair grants.....	\$12,838,000	\$18,000,000	\$30,838,000
Total Available.....	12,838,000	18,000,000	30,838,000

Explanation of Investment Proposal

The additional funding will provide resources for a dramatic increase in the number of very low-income families that would receive assistance for necessary repairs to their homes. Slightly over 4,900 families will benefit from this proposal. In addition, the proposal will provide a boost in the local construction industry.

Proposed Language

For grants to the very low-income elderly for essential repairs to dwellings pursuant to section 504 of the Housing Act of 1949, as amended, \$18,000,000, to remain available until expended.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Very-Low Income Housing Repair Grant Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	339,620	318,000	890,400
Alaska.....	42,000	42,000	117,600
Arizona.....	150,290	123,000	344,400
Arkansas.....	319,330	249,000	697,200
California.....	220,410	403,000	1,128,400
Colorado.....	118,650	86,000	259,800
Connecticut.....	15,990	67,000	187,600
Delaware.....	10,000	25,000	70,000
Florida.....	342,840	312,000	873,600
Georgia.....	496,018	392,000	1,097,600
Hawaii.....	39,550	39,000	109,200
Idaho.....	57,270	69,000	193,200
Illinois.....	381,390	334,000	935,200
Indiana.....	317,530	279,000	781,200
Iowa.....	187,540	206,000	576,800
Kansas.....	156,020	157,000	439,600
Kentucky.....	441,010	369,000	1,033,200
Louisiana.....	412,870	277,000	775,600
Maine.....	231,570	111,000	310,800
Maryland.....	96,180	115,000	322,000
Massachusetts.....	87,150	127,000	355,600
Michigan.....	359,600	350,000	980,000
Minnesota.....	255,560	235,000	658,000
Mississippi.....	353,450	284,000	795,200
Missouri.....	342,750	296,000	828,800
Montana.....	71,690	61,000	170,800
Nebraska.....	137,370	100,000	280,000
Nevada.....	23,570	20,000	56,000
New Hampshire.....	66,950	62,000	173,600
New Jersey.....	105,850	97,000	271,600
New Mexico.....	105,790	97,000	290,600
New York.....	370,930	353,000	988,400
North Carolina.....	601,420	513,000	1,436,400
North Dakota.....	72,930	55,000	154,000
Ohio.....	445,820	417,000	1,167,600
Oklahoma.....	219,030	209,000	585,200
Oregon.....	155,850	151,000	422,800
Pennsylvania.....	758,960	514,000	1,439,200
Rhode Island.....	5,350	15,000	42,000
South Carolina.....	311,590	263,000	736,400
South Dakota.....	202,760	70,000	196,000
Tennessee.....	528,530	341,000	954,800
Texas.....	767,220	641,000	1,794,800
Utah.....	39,110	40,000	112,000
Vermont.....	66,200	49,000	137,200
Virginia.....	361,130	333,000	932,400
Washington.....	198,110	170,000	476,000
West Virginia.....	258,760	218,000	610,400
Wisconsin.....	346,260	260,000	728,000
Wyoming.....	32,860	35,000	98,000
Puerto Rico.....	416,340	337,000	943,600
Trust Territories..	343,000	300,000	840,000
Virgin Islands.....	15,000	14,000	39,200
General Reserve....	--	875,000	--
Designated Reserve.	--	625,000	--
Carryover.....	--	30	--
Undistributed.....	--	10,000,000 a/	--
Total Avail./Est...	12,802,968	22,500,030 b/	30,838,000 c/

a/ Authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-3 dated September 23, 1992, to provide assistance to distressed communities as result of natural disasters.

b/ Excludes Stimulus Proposal.

c/ Includes Investment Proposal.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing for Domestic Farm Labor:

For financial assistance to eligible nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), [\$11,000,000] \$11,297,000, to remain available until expended.

Rural Housing for Domestic Farm Labor

Appropriations Act, 1993.....	\$11,000,000
Budget Estimate, 1994.....	<u>11,297,000</u>
Increase in Appropriation.....	<u>297,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation
and on basis of obligations under available funds)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Rural housing for domestic:				
farm labor grants.....	\$13,518,790	\$21,793,756	\$-10,496,756	\$11,297,000
Unobligated balance				
available, start of year:	-2,758,371	-10,793,756	10,793,756	0
Recovery of prior year				
obligations.....	-54,175	0	0	0
Unobligated balance				
available, end of year..	10,793,756	0	0	0
Total Appropriation.....	21,500,000	11,000,000	297,000	11,297,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949, FSA is authorized to share with state or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy, and may consist of family unit apartments or dormitory-type units, constructed in an economical manner. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing from either private sources or obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rents that do not exceed amounts approved by the Secretary, maintain the housing in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless terminated sooner by Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farm Service Agency has the option to require repayment of the grant.

Justification of Increase

An increase of \$297,000 for rural housing for domestic farm labor (\$11,000,000 available in FY 1993).

Need for Change. The Administration recognizes the need to continue financial assistance for this program. However, the Department encourages this housing grant program be coordinated with the Department of Housing and Urban Development (HUD). The budget recommends that any additional grant funds needed be sought through HUD's newly created HOME Partnership block grant funds, and that FSA will establish a working relationship with the State and local boards who will receive HOME funding and guide prospective grant recipients to these boards. FSA can also provide housing assistance to the domestic farm laborer through its Section 521 Rental Assistance Program and the proposed Rural Housing Voucher Program.

Nature of Change. The requested amount will provide assistance for 520 housing units, in combination with the approximate \$16,012,000 requested for the loan program, involving the award of 21 grants or contracts.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Farm Labor Housing Grants

	1992 Amount	1993 Amount	1994 Amount
	<u> </u>	<u> </u>	<u> </u>
California.....	--	--	--
Colorado.....	3,067,269	--	--
Delaware.....	1,419,594	--	--
Florida.....	2,883,390	--	--
Hawaii.....	676,700	--	--
Idaho.....	3,544,040	--	--
Minnesota.....	54,200	--	--
New Mexico.....	--	--	--
New York.....	279,902	--	--
Oregon.....	846,083	--	--
Texas.....	611,127	--	--
Washington.....	136,460	--	--
N/O Contract.....	2	--	--
Carryover.....	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Avail./Est...	13,518,767	21,793,756 a/b/	11,297,000 a/
	<u> </u>	<u> </u>	<u> </u>

a/ Cannot be distributed by geographic area in advance.

b/ Includes \$10,500,000 authorized by the Dire Emergency Supplemental Appropriation Act, P.L. 102-368, dated September 23, 1992, to provide assistance to distressed communities as a result of natural disasters.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language unerscored; deleted matter enclosed in brackets):

Mutual and Self-Help Housing Grants:

For grants and contracts pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 149c), [~~\$12,750,000~~] \$13,094,000, to remain available until expended (7 U.S.C. 2209b).

Mutual and Self-Help Housing Grants

Appropriation Act, 1993.....	\$12,750,000
Budget Estimate, 1994.....	<u>13,094,000</u>
Increase in Appropriation.....	<u>344,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	1992 Actual	1993 Appropriated	Increase or Decrease	1994 Estimated
Mutual and self-help housing grants.....	\$8,104,118	\$19,887,068	\$-6,793,068	\$13,094,000
Recovery of prior year obligations.....	-442,542	-175,620	175,620	0
Unobligated balance available, start of year.....	-5,873,024	-6,961,448	6,961,448	0
Unobligated balance available, end of year.....	<u>6,961,448</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Appropriation.....	<u>8,750,000</u>	<u>12,750,000</u>	<u>344,000</u>	<u>13,094,000</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 523 of the Housing Act of 1949, as amended. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

This program also provides for contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations which sponsor and supervise self-help projects.

JUSTIFICATION OF INCREASE

An increase of \$344,000 for mutual and self-help housing grants. (\$12,750,00 available in FY 1993).

Need for Change. This increase is part of the Administration's efforts to stimulate the economy in rural communities.

Nature of Change. This increase is the result of inflation applied to the 1993 level. This increase would increase the number of participating families who would build their houses through the mutual exchange of labor.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Mutual and Self-Help Housing Grants

	1992 Amount	1993 Amount	1994 Amount
Arizona.....	716,800	--	--
Arkansas.....	9,950	--	--
California.....	2,219,495	--	--
Colorado.....	298,790	--	--
Delaware.....	70,106	--	--
Florida.....	838,159	--	--
Hawaii.....	163,720	--	--
Maine.....	308,680	--	--
Maryland.....	10,000	--	--
Massachusetts.....	--	--	--
Michigan.....	9,600	--	--
Minnesota.....	10,000	--	--
Mississippi.....	1,127,320	--	--
New Mexico.....	--	--	--
Ohio.....	445,000	--	--
Oklahoma.....	235,768	--	--
Texas.....	112,420	--	--
Virginia.....	10,000	--	--
Washington.....	1,340,460	--	--
Wisconsin.....	177,850	--	--
Total Avail./Est...	8,104,118	19,711,447 a/b/	13,094,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes carryover of \$6,961,447.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Housing Preservation Grants:

For grants for rural housing preservation as authorized by section 552 of the Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181),
[\$23,000,000] \$23,621,000.

Rural Housing Preservation Grants

Appropriation Act, 1993.....	\$23,000,000
Budget Estimate, 1994.....	<u>23,621,000</u>
Increase in Appropriation.....	<u>621,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	: 1992 : Actual	: 1993 : Appropriated:	: Increase	: 1994 : Estimated
Rural housing preservation	:	:	:	:
grants, appropriation.....	\$23,000,000	\$23,000,000	\$621,000	\$23,621,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 533 of the Housing Act of 1949, as amended. Grants are made to eligible private nonprofit groups, Indian tribes, and government agencies for the rehabilitation of single family housing owned by low-income and very low-income families and the rehabilitation of rental and cooperative housing for low and very low-income families.

Justification of Increase

An increase of \$621,000 for housing preservation grants (\$23,000,000 available in FY 1993).

Need for change. This increase is part of the Administration's efforts to stimulate the economy in rural communities.

Nature of Change. The increased funds for the program reflect the impact of inflation on the 1993 level.

FARM SERVICE AGENCY
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Rural Housing Preservation Grant Program

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	610,000	611,000	696,540
Alaska.....	--	168,000	191,520
Arizona.....	292,000	292,000	332,880
Arkansas.....	483,000	483,000	550,620
California.....	661,300	653,000	744,420
Colorado.....	344,000	226,000	257,640
Connecticut.....	100,000	178,000	202,920
Delaware.....	200,000	136,000	155,040
Florida.....	529,500	508,000	579,120
Georgia.....	737,000	737,000	840,180
Hawaii.....	240,000	158,000	191,120
Idaho.....	450,000	208,000	237,120
Illinois.....	579,040	502,000	572,280
Indiana.....	468,000	468,000	533,520
Iowa.....	390,000	345,000	393,300
Kansas.....	283,000	283,000	322,620
Kentucky.....	742,500	715,000	815,100
Louisiana.....	561,000	561,000	639,540
Maine.....	300,000	258,000	294,120
Maryland.....	330,000	259,000	295,260
Massachusetts.....	383,750	245,000	279,300
Michigan.....	571,000	571,000	650,940
Minnesota.....	491,000	403,000	459,420
Mississippi.....	600,000	586,000	668,040
Missouri.....	498,000	498,000	567,720
Montana.....	250,000	187,000	213,180
Nebraska.....	372,000	221,000	251,940
Nevada.....	224,000	128,000	145,920
New Hampshire.....	268,000	179,000	204,060
New Jersey.....	333,860	212,000	241,680
New Mexico.....	336,000	270,000	307,800
New York.....	593,520	552,000	629,280
North Carolina.....	893,000	893,000	1,018,020
North Dakota.....	350,000	177,000	201,780
Ohio.....	623,730	666,000	759,240
Oklahoma.....	590,000	390,000	444,600
Oregon.....	307,000	298,000	339,720
Pennsylvania.....	779,720	729,000	831,060
Rhode Island.....	114,000	118,000	134,520
South Carolina.....	600,000	534,000	608,760
South Dakota.....	232,250	205,000	233,700
Tennessee.....	674,600	635,000	723,900
Texas.....	1,020,000	1,020,000	1,162,800
Utah.....	200,000	163,000	185,820
Vermont.....	252,000	168,000	191,520
Virginia.....	592,880	592,000	674,880
Washington.....	340,000	328,000	373,920
West Virginia.....	457,620	430,000	490,200
Wisconsin.....	426,730	417,000	475,380
Wyoming.....	137,000	148,000	180,720
Puerto Rico.....	988,000	988,000	1,126,320
Trust Territories..	200,000	--	--
N/O Reserve.....	--	2,300,000	--
Total Avail./Est...	23,000,000	23,000,000	23,621,000

FARMERS HOME ADMINISTRATION

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Compensation for Construction Defects:

For compensation for construction defects as authorized by section 509(c) of the Housing Act of 1949, as amended, [\$500,000] \$514,000, to remain available until expended.

Compensation for Construction Defects

Appropriation Act, 1993.....	\$500,000
Budget Estimate, 1994.....	<u>514,000</u>
Increase in Appropriation.....	<u>14,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation and
on basis of obligations under available funds)

Project	: 1992 : Actual	: 1993 : Appropriated:	: Increase or : Decrease	: 1994 : Estimated
Compensation for construction defects.....	\$193,277	\$1,663,108	\$-1,149,108	\$514,000
Recovery of prior year obligations.....	0	0	0	0
Unobligated balance available, start of year.....	-856,385	-1,163,108	1,163,108	0
Unobligated balance available, end of year.....	<u>1,163,108</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Appropriation.....	<u>500,000</u>	<u>500,000</u>	<u>14,000</u>	<u>514,000</u>

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 509(c) of the Housing Act of 1949, as amended. The Secretary of Agriculture is authorized to make expenditures to correct structural defects, or to pay claims of owners arising from such defects on newly constructed dwellings purchased with FSA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within eighteen months after the date financial assistance was granted.

JUSTIFICATION OF INCREASE

An increase of \$14,000 for the compensation of construction defects. (\$500,000 available in FY 1993.

Need for Change. Continued funding for this program is necessary to ensure the quality of FSA homes financed.

Nature of Change. This increase is the result of inflation applied to the 1993 level and is sufficient to provide the assistance needed based on the experience of the last 10 years.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS
1992 and Estimated 1993 and 1994

Compensation for Construction Defects

	1992 Amount	1993 Amount	1994 Amount
Alabama.....	3,350	--	--
Arizona.....	270	--	--
Iowa.....	--	--	--
Kentucky.....	--	--	--
Louisiana.....	2,000	--	--
Maine.....	39,632	--	--
Michigan.....	906	--	--
Mississippi.....	27,285	--	--
Missouri.....	1,420	--	--
New Hampshire.....	28,620	--	--
New Mexico.....	20,946	--	--
New York.....	--	--	--
North Carolina.....	1,940	--	--
Ohio.....	14,303	--	--
Pennsylvania.....	17,950	--	--
South Carolina.....	--	--	--
South Dakota.....	--	--	--
Texas.....	10,643	--	--
Utah.....	--	--	--
Vermont.....	21,074	--	--
Virginia.....	--	--	--
West Virginia.....	2,938	--	--
Wisconsin.....	--	--	--
Virgin Islands.....	--	--	--
Total Avail./Est...	193,277	1,663,108 a/b/	514,000 a/

a/ Cannot be distributed by geographic area in advance.

b/ Includes carryover of \$1,163,108.

FARM SERVICE AGENCY

The 1994 Budget Estimates include proposed language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Supervisory and Technical Assistance Grants:

For grants pursuant to sections 509(g)(6) and 525 of the Housing Act of 1949, [\$2,500,000] \$2,568,000, to remain available until expended.

Supervisory and Technical Assistance Grants

Appropriation Act, 1993.....	\$2,500,000
Budget Estimate, 1994.....	<u>2,568,000</u>
Increase in Appropriation.....	<u>68,000</u>

PROJECT STATEMENT

(On basis of appropriation and
on basis of obligations under available funds)

Project	: 1992 : Actual	: 1993 : Appropriated:	: Increase or : Decrease	: 1994 : Estimated
Supervisory & technical assistance grants.....	0	\$1,000,000	\$3,568,000	\$4,568,000
Recovery of prior year obligations.....	0	0	0	0
Unobligated balance available, start of year.....	0	-2,500,000	-1,500,000	-4,000,000
Unobligated balance available, end of year.....	\$2,500,000	4,000,000	-2,000,000	2,000,000
Total Appropriation.....	2,500,000	2,500,000	68,000	2,568,000

Staff-years are reflected in the Salaries and Expenses Project Statement.

EXPLANATION OF PROGRAM

This grant program is authorized under section 509 of the Housing Act of 1949, as amended. Grants are made to public and private nonprofit organizations for packaging loan applications for housing assistance under the various housing programs of the Agency. The assistance is directed to very low-income families in underserved areas where at least 20 percent of the population is below the poverty level and at least 10 percent or more of the population resides in substandard housing.

JUSTIFICATION OF INCREASE

An increase of \$68,000 for supervisory and technical assistance grants. (\$2,500,000 available in FY 1993).

Need for Change. The increase is part of the Administration's expanded policy to make affordable safe and healthy housing to very low-income families.

Nature of Change. This increase is the result of inflation applied to the 1993 level.

Geographic breakdown of estimated obligations of \$5,000,000 for FY 1993 and \$2,568,000 for FY 1994 cannot be distributed by geographic area in advance.

COMMODITY CREDIT CORPORATION

Purpose Statement

The Commodity Credit Corporation (CCC) is a wholly-owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities. These include the storage, handling, and disposition of commodities acquired under the various programs; and set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), which are financed by appropriations authorized by statutes providing for these activities. Under section 201 of the Agricultural Trade Act of 1978, as amended, CCC may finance short-term export credit sales on credit terms not to exceed three years under the Export Credit Sales Program. The Corporation is also authorized by section 201 to finance intermediate-term export credit sales in excess of three years, but not more than 10 years. The Corporation is also authorized under section 202 of the Agricultural Trade Act of 1978, as amended, to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of Agriculture who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture. The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service (ASCS) and the Agricultural Stabilization and Conservation (ASC) State and county committees. The General Sales Manager, the Foreign Agricultural Service, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

ASCS administers CCC's activities through its headquarters offices in Washington, D.C., and the Kansas City field offices.

The ASC State and county committees carry out certain support and related activities of the Corporation within the States and counties. There are 50 State offices, an insular area office in Puerto Rico, and approximately 2,800 county offices. The ASC State committees supervise the activities of the ASC county committees in their respective States.

FINANCING

Borrowing Authority

The Corporation has an authorized capital stock of \$100 million held by the United States, with the authority to have outstanding borrowings of up to \$30 billion at any one time. P.L. 95-279, approved May 15, 1978, increased the statutory borrowing authority to \$25 billion from \$20 billion, to the extent provided in appropriations acts. The fiscal year 1982 supplemental appropriations act, P.L. 97-257, increased the availability to \$25 billion. The fiscal year 1988 appropriations act, P.L. 100-202, increased the statutory borrowing authority to \$30 billion.

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans

made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4).

Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month.

Interest may also be paid on other notes and obligations at a rate prescribed by the Commodity Credit Corporation and approved by the Secretary of the Treasury.

The Department of Agriculture and Related Agencies Appropriations Act, 1966, made provision for terminating interest after June 30, 1964, on the portion of the Corporation's borrowings from the Treasury equal to the unreimbursed realized losses recorded on the books of the Corporation after the end of the fiscal year in which such losses are realized.

Contract Authority

Support and other programs required by statute may result in the Corporation's incurring obligations in excess of available funds or borrowing authority. Such obligations are liquidated from subsequent appropriations and other funds which may become available to the Corporation. Any increase in obligations in excess of available fund resources is reported as contract authority in the year involved; a decrease is reported as the application of appropriations and other funds to liquidate the contract authority.

Appropriations:

Reimbursement for Net Realized Losses

Under Public Law 87-155 (15 U.S.C. 713a-11, 713a-12), annual appropriations were authorized for each fiscal year, commencing with fiscal year 1961, to reimburse the Corporation for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that the Corporation be reimbursed for its net realized losses by means of a current, indefinite appropriation.

Disaster Payments

The Dire Emergency Supplemental Appropriations Act of 1992, P.L. 102-229, enacted December 12, 1991, provided \$995,000,000 for payments to producers for losses on either 1990 or 1991 crops, at the producer's option. The remaining portion (\$755,000,000) of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 crops. The fiscal year 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of \$382,000,000 in appropriated funding was available immediately, with an additional amount of \$100,000,000 available only when an official budget request is submitted by the President. P.L. 102-368 also provided a separate appropriation for the Tree Assistance Program of \$48,000,000.

National Wool Act

Under section 705 of the National Wool Act, as amended (7 U.S.C. 1781-1787), a permanent appropriation is made to reimburse the Corporation for amounts expended during the preceding fiscal year and for amounts expended in prior

fiscal years not previously reimbursed. This appropriation may not exceed 70 percent of the gross receipts from duties collected on wool and wool manufactures during the immediately preceding calendar year.

CCC Export Credit Guarantee Liquidating Account

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Guarantee Programs (GSM-102 and GSM-103) is authorized to cover the obligations and commitments of pre-fiscal year 1992 guarantees. Use of this authority to date included \$2,756,817,000 which was transferred to the CCC revolving fund and used in early fiscal year 1992 to repay all CCC notes payable (borrowings) incurred while financing CCC export guarantee claims incurred prior to October 1, 1991. Additional fiscal year 1992 authority of \$485,850,825 was used to finance the payment of claims in fiscal year 1992 for export guarantee commitments incurred prior to October 1, 1991. Because of the availability of this permanent, indefinite appropriation, this activity is no longer financed by CCC's \$30 billion borrowing authority.

CCC Export Credit Guarantee Program Account

Under the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, a permanent, indefinite appropriation for the Corporation's Export Credit Programs (GSM-102 and GSM-103) is authorized to cover the subsidy costs of the current year's program. The fiscal year 1994 appropriation represents the present value of CCC's estimated net cashflows over the lifetime of the credit guarantees made in fiscal year 1994. This activity is also not financed by the Corporation's \$30 billion borrowing authority. A current, definite amount is appropriated by Congress for the administrative costs of carrying out the export guarantee programs.

Commodity Credit Corporation Available Funds 1992 Actual and Estimated 1993 and 1994

Item	1992 Actual	1993 Estimated	1994 Estimated
Reimbursement for Net Realized Losses.....	\$7,250,000,000	\$9,200,000,000	\$20,896,614,000
Appropriations for Disaster Payments.....	1,750,000,000	430,000,000 <u>a/</u>	---
Reimbursement to CCC National Wool Act.....	172,240,000	191,115,000	182,806,000
CCC Export Credit Guarantee Liquidating Account.....	4,386,620,000	443,570,000	170,436,000
CCC Export Credit Guarantee Program Account (permanent, indefinite).....	317,244,000	388,170,000	403,238,000
CCC Export Credit Guarantee Program Account Subsidy Reestimate (permanent, indefinite).....	---	363,894,000	---
CCC Export Loans Program Account (current, indefinite).....	3,320,000	3,320,000	3,393,000
Total Commodity Credit Corporation.....	\$13,879,424,000	\$11,020,069,000	\$21,656,487,000

a/ Appropriated in late fiscal year 1992 by P.L. 102-368, but not warranted to CCC until early fiscal year 1993.

CLASSIFICATION BY OBJECTS1992 and Estimated 1993 and 1994

(thousands of dollars)

	<u>1992</u>	<u>1993</u>	<u>1994</u>
22 Transportation of things.....	\$573,526	\$532,178	\$471,879
25 Other services.....	602,423	654,283	503,977
Storage and handling (including producer storage payments).....	139,479	114,007	152,103
26 Supplies and materials (cost of commodities sold or donated):			
Foreign Assistance Programs.....	795,877	765,281	743,938
Other.....	1,633,739	1,428,967	1,439,658
31 Equipment.....	32,849	48,000	0
33 Investments and loans.....	7,340,689	10,979,323	9,519,768
41 Grants, subsidies, and contributions	10,993,448	12,544,442	10,069,931
43 Interest and dividends.....	<u>452,465</u>	<u>357,000</u>	<u>448,496</u>
Total obligations.....	<u>22,564,495</u>	<u>27,423,481</u>	<u>23,349,750</u>

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION FUNDReimbursement for Net Realized Losses:

- 1 For fiscal year [1993] 1994, such sums as may be necessary to reimburse the
- 2 Commodity Credit Corporation for net realized losses sustained, but not
- 3 previously reimbursed [(estimated to be \$9,200,000,000 in the President's
- 4 fiscal year 1993 Budget Request (H. Doc. 102-178)), but not to exceed
- 5 \$9,200,000,000], pursuant to section 2 of the Act of August 17, 1961, as
- 6 amended (15 U.S.C. 713a-11).
- 7 [Such funds are appropriated to reimburse the Corporation to restore losses
- 8 incurred during prior fiscal years. Such losses for fiscal years 1991 and 1992
- 9 include \$667,020,000 in connection with carrying out the Export Enhancement
- 10 Program (EEP), \$114,196,000 in connection with carrying out the Market
- 11 Promotion Program (MPP), \$150,000,000 in connection with carrying out the
- 12 Federal Crop Insurance Program, \$314,763,000 in connection with domestic
- 13 donations, \$165,316,000 in connection with export donations, and \$7,788,705,000
- 14 in connection with carrying out the commodity programs.]

Operations and Maintenance for Hazardous Waste Management:

- 4 For fiscal year [1993] 1994, CCC shall not expend more than [\$3,000,000]
- 5 \$4,000,000 for expenses to comply with the requirement of Section 107(g) of the
- 6 Comprehensive Environmental Response, Compensation, and Liability Act, as
- 7 amended, 42 U.S.C. 9607(g), and Section 6001 of the Resource Conservation and
- 8 Recovery Act, as amended, 42 U.S.C. 6961: Provided. That expenses shall be
- 9 for operations and maintenance costs only and that other hazardous waste
- 10 management costs shall be paid for by the USDA Hazardous Waste Management
- 11 appropriation.

6 [Short-Term Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

7 [Intermediate Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$500,000,000 in credit guarantees under its export guarantee program for intermediate-term credit extended to finance the export sales of United States agricultural commodities and the products thereof, as authorized by section 211(b)(2) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641).]

8 [Emerging Democracies Export Credit:]

[The Commodity Credit Corporation shall make available not less than \$200,000,000 in credit guarantees under its export guarantee program for credit expended to finance the export sales of United States agricultural commodities and the products thereof to emerging democracies, as authorized by section 1542 of Public Law 101-624 (7 U.S.C. 5622 note).]

The first change updates the fiscal year designation of the current, indefinite appropriation to reimburse the Corporation for net realized losses sustained.

The second change is proposed to eliminate the ceiling on the current, indefinite appropriation authority. The ceiling limits the flexibility CCC would otherwise have to request funds as needed from the Treasury to avoid operating disruptions due to a lack of sufficient funds.

The third change deletes language which applied to the fiscal year 1993 appropriation. The CCC appropriation is used to reimburse losses incurred in connection with all CCC support and related activities. Therefore, the 1993 language which identifies specific program losses for reimbursement is unnecessary.

The fourth change updates the fiscal year designation for the ceiling on expenditures in connection with CCC's hazardous waste management costs for operations and maintenance.

The fifth change increases the fiscal year ceiling on expenditures in connection with CCC's hazardous waste management costs for operations and maintenance to \$4,000,000, based on a projected change in the operations and maintenance phase of CCC's hazardous waste management program.

The sixth, seventh and eighth changes delete all appropriation language pertaining to export credit authorizations in accordance with the Federal Credit Reform Act of 1990. This language is not needed in the appropriations since the export credit authorizations are permanent authority.

Reimbursement for Net Realized Losses

Appropriation Act, 1993.....	\$9,200,000,000
Budget Estimate, 1994.....	\$20,896,614,000
Increase in Appropriation.....	+ 11,696,614,000

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change

	1993 <u>Estimated</u>	<u>Change</u>	1994 <u>Estimated</u>
Reimbursement of losses:			
1989 actual losses.....	\$2,468,838,045	-\$2,468,838,045	---
1990 actual losses.....	673,896,895	-673,896,895	---
1991 actual losses.....	6,057,265,060	-140,265,209	\$5,916,999,851
1992 actual losses.....	---	+ 11,776,122,568	11,776,122,568
1993 estimated losses.....	---	+ 306,877,581	306,877,581
Subtotal.....	9,200,000,000	8,800,000,000	18,000,000,000

Increase for Payment to Treasury
due to retroactive GAO
determination regarding FY 1988
"Operating Expenses"

appropriation to CCC a/.....	---	+ 2,896,614,000	\$2,896,614,000
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TOTAL AVAILABLE.....	\$9,200,000,000	+\$11,696,614,000	\$20,896,614,000 b/
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a/ Under the Rural Development, Agriculture and Related Agencies Appropriation Act of 1988, the Commodity Credit Corporation received an appropriation for "Operating Expenses" of \$21.1 billion, restricted to 17 separate line items. CCC applied \$18.2 billion of this advanced funding (termed appropriated capital) to reduce fiscal year 1987 and 1988 gross program losses. This accounting treatment resulted in a balance of \$2,896,614,000 in appropriated capital at the end of fiscal year 1988. This balance was applied by the Corporation to reduce gross realized losses in subsequent years. The General Accounting Office (GAO) has insisted that the fiscal year 1988 appropriation was available for only one year and was not, therefore, available until expended as CCC believes. In accordance with GAO and USDA Office of Inspector General audit recommendations, CCC has established a liability to the U.S. Treasury in the amount of \$2,896,614,000, and will pay Treasury at such time that the Congress, by appropriating the increase requested above, agrees with GAO that these funds are payable to Treasury.

b/ Proposed to be reimbursed through current, indefinite appropriation.

PROJECT STATEMENT

(On Basis of appropriation)

Item	1992 Actual	1993 Estimated	Increase	1994 Estimated
Reimbursement of losses:				
Appropriation...	\$7,250,000,000	\$9,200,000,000	+\$11,696,614,000	\$20,896,614,000

EXPLANATION OF PROGRAM

USDA Goals and Objectives

The USDA goal is to promote economic stability in the farm sector so that farmers and ranchers can earn a fair rate of return in the market place; and thereby assure supplies of agricultural products which are adequate to meet domestic and export demand at reasonable prices to consumers.

The primary objective is to achieve this goal through an approach that retains basic management responsibilities of farmers, provides for the maintenance of adequate food reserves, provides prices reasonable to consumers and competitive in world markets, and minimizes Federal interference in the agricultural economy.

Provisions of the Program

The programs of the Commodity Credit Corporation cover a wide range of operations.

A. The Commodity Credit Corporation is operated by the Agricultural Stabilization and Conservation Service of the Department of Agriculture.

1. Its functions are performed primarily by ASCS employees.
2. It is a corporate entity operating programs primarily related to the support of farm prices and income, but its budget processes must fit not only its own unique characteristics but also the processes used in formulating and executing the overall U.S. Budget.
3. Its operations are closely related to and affected by the operations of other programs financed from other funds - such as Section 32 and School Lunch Programs, and commodity donations under Titles II and III of P.L. 480.
4. Its resources are utilized to carry out a variety of program objectives not strictly related to support operations.

Some of these objectives are the responsibility of agencies other than the Agricultural Stabilization and Conservation Service.

B. CCC operations are unique in many ways.

1. The primary aim of CCC is to assist in stabilizing, supporting, and protecting farm income and prices and to help maintain balanced and adequate supplies of agricultural commodities.
2. CCC operates under a large number of statutory directives and limitations and has broad charter powers, authorizing it to carry out almost any operation required to meet these objectives, including:

a. Buying	d. Donating	g. Transporting
b. Selling	e. Lending	h. Making payments
c. Bartering	f. Storing	i. Other activities
3. The major activity is support of prices as required or authorized by existing law.
 - a. Under existing law, support of farm prices is accomplished through nonrecourse loans (regular and reserve), payments (in cash, commodity certificate and in-kind), and purchases from farmers or processors.

- b. Under existing law, CCC is required to support the price of corn, cotton, wheat, rice, peanuts, tobacco, dairy products, honey, barley, oats, rye, grain sorghum, sugar, oilseeds and soybeans at levels provided for by law. CCC has to make an offer, open to all producers, to make loans upon or purchase any quantity of these commodities produced which meet eligibility requirements. Eligibility requirements include grade, moisture content, adequacy of storage and compliance with acreage set-aside or acreage reduction provisions, if in effect. Income support in the form of direct payments is also required by law to be available to wool and mohair producers, as well as to feed grain, wheat, cotton and rice growers.
 - c. In addition, CCC may support the prices of other commodities at the discretion of the Secretary.
4. CCC has no control over the volume of business it must handle. The relationship of the market price for each commodity to the support price largely determines the volume of that commodity which will be placed under loan or acquired by the CCC. This in turn is determined by weather conditions, insect damage, use of fertilizers, and all other factors influencing production, and by already existing supplies, domestic and export demand, and other factors affecting the market. Dispositions of inventory are governed by the same set of economic factors. These circumstances can cause tremendous variations over relatively short periods in the volume of CCC support operations.
 5. CCC also carries out storage facilities activities through contracts with warehousemen, commodity export programs, and other activities. Support operations and resultant inventory management account for the bulk of the total workload.
 6. The Dire Emergency Supplemental Appropriations Act of 1992 (P.L. 102-229) was enacted on December 12, 1991 to, among other things, provide funds to help alleviate the effects of recent natural disasters.

\$1,750,000,000 was made available for 1990 through 1992 crop losses. Of this amount, \$995,000,000 was made available for payment to producers for 1990 or 1991 crop losses, at the producer's option.

The remaining portion of the funding appropriated by P.L. 102-229 was made available by request of the President on September 2, 1992, for disaster payments on 1990, 1991, or 1992 program/non program crop losses. In fiscal year 1992, \$961.4 million in 90/91 crop disaster payments were made in cash from this appropriation.

The fiscal year 1992 Dire Emergency Supplemental Appropriations Act, P.L. 102-368, enacted September 23, 1992, provided additional funding for eligible program/non program crop losses associated with natural disasters such as Hurricanes Andrew and Iniki and Typhoon Omar. An initial amount of appropriated funding was available immediately, with an additional amount available only when an official budget request is submitted by the President. In order to pay claims at the same prorated factor as the first payments on 1990 and 1991 crops (50.04 percent), use of CCC funds is also authorized as necessary. The crop disaster program is estimated to result in the expenditure of \$1,137 million in fiscal year 1993 for program and non-program crop and other losses.

7. There are several characteristics of CCC operations which are important in analyzing its budget characteristics and processes.
 - a. CCC deals with millions of producers and utilizes the services of thousands of banks, processors, carriers, exporters, handlers, warehousemen, and others.
 - b. CCC operations involve the handling of millions of documents and transactions during a 12-month period.
 - c. CCC operations require timely action. Commodities must be moved, producer payments must be made, warehouse and freight charges must be paid, claims must be settled, and loans must be made and liquidated.
 - d. The manner in which CCC inventories of individual commodities are handled and merchandised is of key importance to both domestic and foreign markets.
 - e. Operating policies directly affect the day-to-day business operations of the many thousands of warehouses, elevators, handlers, processors, banks, exporters, importers, carriers, cooperatives, and others with which business dealings are conducted.
 - f. Trade customs and practices with respect to individual commodities must be observed in operations.
 - g. To support prices, CCC generally makes nonrecourse loans to producers which bear no interest if the borrower does not repay them, and which are fully settled by repayment with interest or delivery of the commodity to CCC at maturity of the loans.
 - h. CCC operations are big:
 - (1) The Corporation has an authorized capital stock of \$100 million held by the United States and authority to have outstanding borrowings of up to \$30 billion at any one time. Its capital structure is replenished each year by appropriations, usually to restore realized losses on support operations, and to reimburse costs of other programs.
 - (2) Its commodity loans and purchases in fiscal year 1992 amounted to \$8.2 billion. Of total purchases, \$0.2 billion was for commodity certificates transferred from the loan account. These certificate purchases represent a required accounting transaction to show the effect on inventory of certificates used to redeem outstanding commodity loans. The associated reduction in outstanding loans is recorded as a loan repayment receipt, which fully offsets the inventory purchase expenditure. Therefore, no net expenditures result from this required certificate accounting treatment. Sales proceeds totaled \$1.7 billion of which \$0.6 billion was for commodity certificates.

Certificate sales proceeds reflect the certificate issuance value, and like certificate purchases, represent a required accounting transaction to show the effect on inventory of certificate redemptions. The Corporation had outstanding loans on commodities of \$1.8 billion and owned commodities with a cost value of \$1.7 billion on September 30, 1992.

i. Export Credit Guarantees

Under the short-term Export Credit Guarantee Program (GSM-102), CCC guarantees (for up to 3 years) payments due U.S. exporters, or their assignees (U.S. financial institutions), from defaults in payments by foreign banks on export credit sales due to commercial, as well as, noncommercial risks. In fiscal year 1986, an intermediate export credit guarantee program was established under which CCC guarantees payments on export credit with repayment terms up to 10 years (GSM-103). To date, no guarantees have been authorized for periods of more than 7 years.

Total commitments in fiscal year 1992 were \$5.39 billion for the GSM-102 program and \$90.0 million for the GSM-103 program. As required by the Food, Agriculture, Conservation, and Trade Act of 1990, the program level for fiscal year 1993 is established at \$5 billion for the short-term export credit guarantee program (GSM-102) and \$500 million for the intermediate export credit guarantee program (GSM-103).

An additional \$1 billion of credit guarantees is required for emerging democracies for the period fiscal year 1991 through fiscal year 1995. The budget assumes \$200 million of guarantees will be made available in fiscal year 1993 and fiscal year 1994 for this purpose.

The 1994 budget is the third budget that reflects credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990. Basically, these procedures require that budget authority and outlays for these programs represent subsidy costs, such as the present value of claims and recoveries, rather than claim disbursements and repayments on a cash basis. The appropriation language will also specify the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of CCC's estimated net cashflows over the lifetime of the loan, whereas outlays represent the portion of the subsidy related to the guaranteed loan amount disbursed within the year. Budget authority and outlays for the subsidies are presented in the Budget in "loan program accounts." All claim disbursement and repayment activity related to loans made in fiscal year 1992 or later appear in a "financing account" and are considered non-budgetary for purposes of estimating the deficit. Budget authority and outlays for existing (pre-fiscal year 1992) portfolios of guarantees and claims are reflected in the budget in "liquidating accounts" and are calculated on a cash basis as before, to represent disbursements and borrower repayments.

j. Direct Export Credit

Under the short-term export credit sales program (GSM-5), CCC may provide direct financing on terms not to exceed three years for the commercial sales of agricultural commodities from private stocks. There has been no new direct credit program since fiscal year 1985.

k. Net Expenditures

Commodity Credit Corporation net expenditures for fiscal year 1994, in the current law baseline, are estimated at \$12.1 billion, down \$5.0 billion from a level of \$17.1 billion in fiscal year 1993.

The net decrease in projected fiscal year 1994 expenditures from the estimated fiscal year 1993 levels is largely due to a decrease in feed grain program outlays reflecting a return to more normal weather and yields for the 1993 crop and the fact that disaster payments (expected to be approximately \$1.1 billion in fiscal year 1993) are estimated at zero in fiscal year 1994. The Administration is proposing reductions in CCC spending starting in fiscal year 1994. Savings from targeting farm program benefits to producers with off-farm incomes less than \$100,000, termination of the honey program, tightening payment limits for wool and mohair producers, and reductions in the Market Promotion Program are estimated to total about \$149 million in fiscal year 1994.

Aside from the targeting proposal described above, proposed reductions in the major farm commodity programs would not take effect until the 1996 crop year. The delay will provide incentives for significant progress in ongoing trade negotiations. The proposals, consistent with trade liberalization objectives, will provide producers further incentive to respond more directly to markets, rather than to CCC rules for farm programs.

The changes proposed to begin with the 1996 crop include a reduction in payment acreage (triple base), termination of income support payments on idled acres (0/50/92), and an increase in the assessments and fees levied on "nonprogram" commodities (dairy, oilseeds, tobacco, sugar, peanut, wool and mohair). The following table shows CCC net expenditures by commodity and program for fiscal years 1992 through 1994.

COMMODITY CREDIT CORPORATION

FISCAL YEAR 1994 PRESIDENT'S BUDGET

FY 1992 ACTUAL, FY 1993 AND FY 1994 ESTIMATED EXPENDITURES

(thousands of dollars)

Item	FY 1992 ACTUAL	FY 1993 ESTIMATED	FY 1994 ESTIMATED
CORN.....	2,105,407	5,249,641	3,180,295
GRAIN SORGHUM.....	190,062	423,399	273,709
BARLEY.....	173,573	184,504	103,230
OATS.....	31,575	16,848	6,300
CORN PRODUCTS.....	7,856	7,546	7,924
SORGHUM PRODUCTS.....	-37		---
OAT PRODUCTS.....	1,236	1,214	1,260
FEED GRAINS AND PRODUCTS.....	(2,509,672)	(5,883,152)	(3,572,718)
WHEAT AND PRODUCTS.....	1,719,442	2,274,118	1,846,512
RICE.....	715,368	888,754	741,078
UPLAND COTTON.....	1,442,530	2,436,099	2,316,828
TOBACCO.....	29,165	-2,404	-12,857
HONEY.....	16,559	16,910	12,246
DAIRY.....	232,033	125,024	230,097
SOYBEANS.....	-28,771	41,139	-39,929
SUGAR.....	-18,561	-28,264	-30,161
PEANUTS.....	40,651	33,147	1,017
EXPORT GUARANTEE PROGRAM (LIQUIDATING).....	485,851	903,685	170,436
EXPORT GUARANTEE-CREDIT REFORM.....	222,413	726,083	403,617
SHORT-TERM EXPORT CREDIT.....	-1,199	-2,661	-2,755
MARKET PROMOTION PROGRAM.....	196,326	147,734	200,000
EXPORT ENHANCEMENT PROGRAM.....	525,024	1,200,000	1,000,000
STORAGE FACILITY.....	-1,949	-2,325	---
INTEREST.....	531,628	194,516	163,958
CCC OPERATING EXPENSES.....	11,942	11,768	6,400
CHANGE IN WORKING CAPITAL.....	-451,138	243,000	879,000
LIVESTOCK ASSISTANCE (CASH).....	88,159	41,222	---
FORAGE & TREE ASSIST. PROGRAMS..... (1988--1992 DISASTER).....	5,957	48,000	---
CROP DISASTER ASSISTANCE.....	959,887	1,137,000	---
ALL OTHER.....	319,576	635,321	488,546
SUBTOTAL, SUPPORT AND RELATED.....	9,550,565	16,951,018	11,946,751
WOOL.....	191,115	182,806	190,597
TOTAL NET EXPENDITURES, CCC.....	9,741,680	17,133,824	12,137,348
FARM PROGRAM LEGISLATION.....	---	---	-149,000
ADJUSTED TOTAL NET EXPENDITURES, CCC....	9,741,680	17,133,824	11,988,348

Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds).

Deficiency, Diversion and Disaster Payments

In fiscal year 1992, direct payments to producers totaled \$6,448.8 million, an increase of \$189.7 million from payments issued in fiscal year 1991. Deficiency and diversion payments were made in a combination of cash and CCC commodity certificates in fiscal years 1986 through 1990, as authorized by the Food Security Act of 1985. In fiscal year 1992, 1991 and 1992 crop payments were issued in cash and estimated deficiency payments for fiscal year 1993 and 1994 are in cash also. Fiscal year 1992 includes residual certificate activity for pre-1990 crop years.

The following table shows CCC deficiency, diversion and disaster payments made in cash and certificates for fiscal years 1992 through 1994.

COMMODITY CREDIT CORPORATION
Deficiency, Diversion, and Disaster Payments Made in Cash and Certificates
Fiscal Years 1992-1994
(thousands of dollars)

	FY 1992 Actual		FY 1993 Estimate		FY 1994 Estimate	
	Cash	Certificates	Total	Cash	Certificates	Total
Deficiency Payments	5,491,055	-965	5,490,090	8,812,676	0	8,812,676
Diversion Payments	-113	-196	-309	0	0	0
Subtotal	5,490,942	-1,161	5,489,781	8,812,676	0	8,812,676
Disaster Payments:						
1986 crop and prior	0	-71	-71	0	0	0
1988 crop year	-812	0	-812	0	0	0
1989 crop year	-1,799	-751	-2,550	0	0	0
1990-92 crop yrs	962,498	0	962,498	1,137,000	0	1,137,000
Total Disaster Payments	959,887	-822	959,065	1,137,000	0	1,137,000
Total	6,450,829	-1,983	6,448,846	9,949,676	0	9,949,676
				7,008,984	0	7,008,984

ADP Activities

ADP in ASCS is integral to the agency's long range Information Resources Management Plan. The plan calls for the utilization of modern technology wherever it is feasible and cost-beneficial. ASCS has implemented a national network of computer systems in support of CCC operations. All State and county ASCS offices now utilize computer-based procedures to conduct day-to-day support to producers. This distributed network approach has dramatically reduced the agency's previous dependency upon traditional hand prepared forms and documents.

Most farm and producer data are currently maintained on the county office computers for processing purposes only and are automatically accessed, used, and updated simultaneously while servicing the producers. This platform reached the end of its original system life in 1992. The agency is in the process of identifying technologies that can be used to extend the system life of this platform until updated technology can be acquired and implemented.

COMMODITY CREDIT CORPORATION

The estimates include appropriation language for this item as follows: (new language underscored; deleted matter enclosed in brackets):

COMMODITY CREDIT CORPORATION EXPORT LOANS PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

- 1 For administrative expenses to carry out CCC's Export Guarantee Program, GSM 102 and GSM 103, [~~\$3,320,000~~] \$3,393,000; to cover common overhead expenses as permitted by section 11 of the Commodity Credit Corporation Charter Act and in conformity with the Federal Credit Reform Act of 1990, of which not to exceed [~~\$2,731,000~~] \$2,792,000 may be transferred to and merged with the appropriation for the salaries and expenses of the General Sales Manager, and of which not to exceed [~~\$589,000~~] \$601,000 may be transferred to
- 2 and merged with the appropriation for the salaries and expenses of the Agricultural Stabilization and Conservation Service [, to cover the common overhead expenses associated with implementing the Federal Credit Reform Act of 1990].

The first and second changes clarify the authority and purpose of the administrative expenses appropriation to the CCC Export Guarantee Program Account, and reposition a phrase for grammatical correctness.

CCC Loans Program Account

	<u>Guaranteed Loan Levels</u>	<u>Subsidy</u>	<u>Administrative Expenses</u>
Amount, 1993.....	\$5,700,000,000	\$388,170,000	\$3,320,000
Amount, 1994.....	<u>5,700,000,000</u>	<u>403,238,000</u>	<u>3,393,000</u>
Increase in Amount....	<u>---</u>	<u>+\$15,608,000</u>	<u>+\$73,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of loan levels, subsidies and administrative expenses)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Program Changes</u>	<u>1994 Estimated</u>
Guaranteed Loan Levels...	\$5,700,000,000	---	\$5,700,000,000
Guaranteed Loan Subsidy..	388,170,000	+\$15,608,000	403,238,000
Re-estimate for the 1992 Program Subsidy.....	327,430,000	-327,430,000	---
Interest on Re-estimate of Subsidy.	36,464,000	-36,464,000	---
Administrative Expenses Transferred To:			
OGSM.....	2,731,000	+61,000	2,792,000
ASCS.....	<u>589,000</u>	<u>+12,000</u>	<u>601,000</u>
Total, Admin.Expenses	<u>\$3,320,000</u>	<u>+\$73,000</u>	<u>\$3,393,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
Guaranteed Loan Levels.....	\$6,800,000,000	\$5,700,000,000	---	\$5,700,000,000 ^{a/}
Guaranteed Loan Subsidy.....	317,244,000	388,170,000	(1) +\$15,608,000	403,238,000 ^{a/}
Re-estimate for the 1992 Program Subsidy.....	---	327,430,000	(2) -327,430,000	---
Interest on Re-estimate of Subsidy	---	36,464,000	(2) -36,464,000	---
Administrative Expenses Transferred To:				
OGSM.....	2,731,000	2,731,000	+61,000	2,792,000
ASCS.....	589,000	589,000	+12,000	601,000
Total, Appropriated, Admin. Expenses	\$3,320,000	\$3,320,000	(3) +\$73,000	\$3,393,000
Total, Appropriation	\$320,564,000	\$755,384,000	-\$348,753,000	\$406,631,000

a/ Permanent Indefinite authority: These amounts are mandatory under the FACT Act of 1990 and therefore are excluded from the requirement for advance appropriations. For this reason, both loan levels and subsidy have been excluded from appropriations language.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$15,608,000 in the program account subsidy estimate of need (\$388,170,000 available in 1993).

Need for Change. Prior to fiscal year 1992, guaranteed loans were accounted for on a cash basis. Under Credit Reform, which was authorized by The Budget Enforcement Act of 1990 (Title XIII of the Omnibus Budget Reconciliation Act of 1990), all subsidy costs arising from GSM-102 and GSM-103 commitments made in fiscal year 1992 and beyond will be recorded in a separate guarantee loan program account. In addition, subsidy rates will be recalculated annually to reflect updated Treasury interest rates and assumptions regarding defaults and repayments. The subsidy reflects an estimate of the net present value of cash flows over the life of the loan. Annual costs to operate and manage the loan programs are also included in this appropriation account. The change for 1994 reflects a recalculation of subsidy based on new program assumptions.

Nature of Change. This recalculation results in an increase of \$15,608,000 for the subsidy portion of the Export Guarantee Loans program.

- (2) A decrease of \$327,430,000 in the technical re-estimate for subsidy and a decrease of \$36,464,000 in associated interest (\$327,430,000 and \$36,464,000 for technical re-estimate and interest, respectively, available in 1993). Re-estimates of the 1992 and 1993 program subsidies and associated interest will be determined at the end of fiscal year 1993 and shown in the fiscal year 1995 President's Budget.
- (3) An increase of \$73,000 for administrative expenses (\$3,320,000 in 1993). Administrative funds are transferred to OGSM and ASCS for making and servicing of export credits. The increase in estimated administrative expenses transferred to OGSM is \$61,000 and the increase in estimated administrative expenses transferred to ASCS is \$12,000.

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1991 and 1992

Item	Fiscal Year 1991	Increases and Decreases	Fiscal Year 1992
Support and related programs			
Commodity inventory operations:			
Losses or gain (+) on sales	255,013,476	12,530,080 (1)	267,543,556
Domestic donations	304,762,937	59,104,579 (2)	363,867,516
Export donations	165,315,709	187,887,923 (3)	353,203,632
Storage and handling expense	193,306,000	-71,110,788 (4)	122,195,212
Transportation expense	21,225,324	2,081,903 (5)	23,307,227
Total commodity inventory operations	939,623,446	190,493,697	1,130,117,143
Loans written off	12,971,954	81,120,080 (6)	94,092,034
Producer storage payments	76,516,748	-59,232,632 (7)	17,284,116
FCIC crop indemnity payments	150,000,000	188,000,000 (8)	338,000,000
Eradication of animal & plant disease	5,710,215	12,400,635 (9)	18,110,850
Disaster payments (cash):			
Feed grains	613	-613	0
Wheat	0	0	0
Rice	0	0	0
Upland cotton	0	62	62
Total disaster payments (cash)	613	-651 (10)	62
Deficiency payments (cash):			
Corn	2,568,930,746	1,250,788,024	3,819,718,770
Grain sorghum	218,922,772	109,610,022	328,532,794
Barley	160,842,093	-18,118,788	142,723,305
Oats	30,136,595	-16,106,625	14,029,970
Wheat	2,301,799,230	-919,747,299	1,382,051,931
Rice	503,321,668	53,557,585	556,879,253
Upland cotton	453,371,099	661,564,244	1,114,935,343
Extra long staple cotton	132,331	5,504,669	5,637,000
Total deficiency payments (cash)	6,237,456,534	1,127,051,832 (11)	7,364,508,366
Diversion payments (cash):			
Corn	618,071	-632,793	-14,722
Grain sorghum	-785	4,051	3,266
Barley	-19,025	19,208	183
Oats	4,981	-4,651	330
Wheat	10,121	-25,667	-15,546
Rice	16	-619	-603
Upland cotton	5,036	-4,391	645
Dairy	5,025	-91,711	-86,686
Total diversion payments (cash)	623,440	-736,473 (12)	-113,033
Loan Deficiency Payments (cash):			
Rice	6,168,381	58,371,516 (13)	64,539,897
Upland cotton	0	522,806,023 (14)	522,806,023
Honey	5,544,000	-3,028,789 (15)	2,515,211
Soybeans	0	2,000,000 (16)	2,000,000
Minor Oilseeds:			
Flaxseed	6,634,000	-6,204,078	429,922
Sunflower seed - oil	29,483,000	-14,650,586	14,832,414
Sunflower seed - non-oil	2,264,000	-3,636,705	-1,372,705
Canola seed	1,366,000	-1,576,850	-210,850
Rapeseed	271,000	-492,368	-221,368
Mustard seed	0	7,166	7,166
Total minor oilseeds	40,018,000	-26,553,421 (17)	13,464,579
Total loan deficiency pymts (cash)	51,730,381	553,595,329	605,325,710
Rice inventory payments (cash)	34,044	-34,044 (18)	0
Rice marketing payments	60	-60 (19)	0
Upland cotton user marketing payments	0	140,292,848 (20)	140,292,848
Dairy termination program	96,121,549	-63,740,811 (21)	2,380,738
Livestock emergency assistance	43,013,856	61,194,836 (22)	104,208,694

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1991 and 1992

Item	Fiscal Year 1991	Increases and Decreases	Fiscal Year 1992
Cost/share burning pear program.....	164,880	-117,426 (23)	47,454
Forage assistance program	35,420	-36,674 (24)	-1,254
Tree assistance program.....	19,801,170	-21,886,683 (25)	-2,085,513
Emerging Democracies Tech Assist.....	227,500	9,757,730 (26)	9,985,230
Market Promobon Prog. (cash)	48,429,199	147,896,870 (27)	196,326,069
Export enhance ment program - cash.....	0	525,637,122 (28)	525,637,122
Dary export incentive - cash.....	0	24,424,817 (29)	24,424,817
Cost Share Assistance (cash).....	94,050	-78,510 (30)	15,540
88 Crop disaster payments (cash).....	-3,638,382	2,826,458 (31)	-811,924
89 Crop disaster payments.....	190,738	-1,989,411 (32)	-1,798,673
90 Crop disaster payments.....	9,342,046	-9,342,090 (33)	-44
TOTAL CASH PAYMENTS (10-33 Above)....	6,503,627,098	2,464,715,111	8,968,342,209
Deficiency payments (certificates):			
Corn.....	63,279	-469,922	-406,643
Grain sorghum.....	35,418	-78,919	-42,501
Barley.....	60,637	-101,039	-40,402
Oats.....	6,357	-13,777	-7,420
Wheat.....	26,059,339	-26,336,967	-277,628
Rice.....	101,459	-120,802	-19,343
Upland cotton.....	0	-170,683	-170,683
Total deficiency payments (certificates)...	26,327,489	-27,292,109 (34)	-964,620
Diversion payments (certificates):			
Corn.....	100,042	-269,193	-169,151
Grain sorghum.....	23,030	-35,986	-12,956
Barley.....	-125,643	124,415	-1,228
Oats.....	4,974	-6,380	-406
Wheat.....	0	-12,393	-12,393
Total diversion payments (certificates).....	2,403	-198,537 (35)	-196,134
Upland cotton loan def. cert.....	0	-6,226 (36)	-6,226
Upland cotton first handler cert.....	230,578	-230,578 (37)	0
Rice marketing certificates.....	0	-1,372 (38)	-1,372
Ethanol plants assistance program.....	10,000	-10,000 (39)	0
Emergency feed certif. program.....	0	-8,869 (40)	-8,869
Export enhancement certificates.....	677,019,766	-81,826,035 (41)	595,193,731
Market promotion certif. program.....	65,766,432	-65,776,304 (42)	-9,872
Distress commodity Payments.....	157	-157 (43)	0
Conservation reserve program cert.....	0	-177,668 (44)	-177,668
89 Crop disaster assist. cert.....	2,561,263	-3,312,640 (45)	-751,377
86 Crop disaster assist. cert.....	210,437	-281,211 (46)	-70,774
Dary export incentive cert.....	8,238,308	24,926,584 (47)	33,164,892
TOTAL CERTIFICATE PAYMENTS, NET (34-47 above).....	780,366,833	-154,195,122	626,171,711
TOTAL, ABOVE CASH/CERTIFICATE PAYMENTS (10-47 above).....	7,283,993,931	2,310,519,989	9,594,513,920
Export enhance. prog. (non-cert).....	148,377	-148,377 (48)	0
Emergency feed assistance program.....	1,279,647	-1,793,053 (49)	-513,406
Conservation reserve program (non-cert):			
Cost-share assistance payments.....	0	123,993	123,993
Annual rental (cash).....	0	-2,070	-2,070
Liquidated damages.....	-793,954	228,614	-565,340
Total conservation reserve.....	-793,954	350,537 (50)	-443,417
Payment-in-Kind entitlements.....	15,613	-45,323 (51)	290

JUSTIFICATION OF INCREASES AND DECREASES
Realized Losses, Fiscal Years 1991 and 1992

Item	Fiscal Year 1991	Increases and Decreases	Fiscal Year 1992
Marketing loan write-offs:			
Upland cotton.....	613,926	319,674,546	320,288,472
Rice.....	156,331,304	-99,216,959	57,114,345
Honey.....	15,861,194	-10,701,975	5,159,219
Soybeans.....	0	2,870	2,870
Minor Oilseeds:			
Flaxseed.....	1,914	193,817	196,731
Sunflower seed - oil.....	0	1,069,647	1,069,647
Sunflower seed - non-oil.....	0	106,045	106,045
Canola seed.....	0	17,865	17,865
Mustard seed.....	0	1,637	1,637
Total minor oilseeds.....	1,914	1,389,011	1,390,925
Total marketing loan write-offs.....	172,808,338	211,147,493 (52)	383,955,831
Milk marketing fee collection programs:			
Milk marketing fees (PL 97-253).....	-48,063	170,035	121,972
Milk marketing fees (PL 98-180).....	-269	34,391	34,122
Milk marketing fees (PL 99-198).....	-13,000	13,000	0
Milk marketing fees (PL 100-203).....	0	-22	-22
Milk marketing fees (PL 100-202).....	-2,987	2,987	0
Milk marketing fees (PL 101-624).....	-44,382,016	-102,038,422	-146,420,438
Total milk marketing fees.....	-44,446,335	-101,818,031 (53)	-146,264,366
Assessments:			
Maltng Barley.....	0	-7,019,135	-7,019,135
Honey.....	-602,509	-453,165	-1,055,674
Sugar.....	-746,452	-21,993,949	-22,740,401
Peanuts.....	-2,515,873	-9,070,353	-11,586,226
Tobacco.....	-10,157,825	-14,136,856	-24,294,681
Total assessments.....	-14,022,659	-62,673,458 (54)	-66,696,117
Origination fees:			
Soybeans.....	-185,412	-15,473,944 (55)	-15,659,356
Minor Oilseeds:			
Flaxseed.....	-219,645	-21,910	-241,555
Sunflower seed - oil.....	-46,180	-3,389,104	-3,435,284
Sunflower seed - non-oil.....	0	-607,039	-607,039
Canola seed.....	-61,191	-8,436	-69,627
Rapeseed.....	-2,492	-6,948	-8,440
Safflower seed.....	0	-1,315	-1,315
Mustard seed.....	-649	-3,446	-4,095
Total minor oilseeds.....	-320,157	-3,937,198 (56)	-4,257,355
Total loan origination fees.....	-605,569	-19,411,142	-19,916,711
Export Credit Sis Pgm Charged Off.....	528,120,736	-528,120,736	0
Export Credit Guarantee Charged Off.....	799,961,124	-799,961,124	0
Total foreign loans charged off.....	1,328,081,860	-1,328,081,860 (57)	0
Tobacco budget deficit assessment.....	-268,789	527,314 (58)	258,525
Ocean transportation for section			
416 export donations.....	50,392,426	89,029,090 (59)	139,421,516
Hazardous Waste Expense.....	0	30,000,000 (60)	30,000,000
Other program expense (net).....	-31,567,338	114,945,097	83,377,759
Interest (net).....	538,034,000	-448,918,438 (61)	89,117,562
Operating expenses (net).....	676,292,678	-584,585,639 (62)	91,707,039
Prior year adjustment.....	-22,589	22,589 (63)	0
Total gross realized losses.....	11,144,242,000	631,880,568	11,776,122,568

Minus (-) indicates gain or adjustment to prior year.

Note: The above table reflects revisions which were made to fiscal year 1991 realized losses subsequent to the completion of last year's notes.

Source: Profit & Loss Worksheets

The above analysis of realized losses covers the difference between the actual 1991 and 1992 losses of the Corporation. The analysis reflects revisions which were made to fiscal year 1991 realized losses subsequent to the completion of last year's notes. The fiscal year 1992 appropriations act (P.L. 102-142) provided \$7,250,000,000 to partially restore the unreimbursed balance of fiscal year 1990 losses. The fiscal year 1993 appropriations act (P.L. 102-341) provided \$9,200,000,000 to partially restore the unreimbursed balance of fiscal year 1989 losses of \$2,468,838,045, fiscal year 1990 losses of \$673,896,895 and fiscal year 1991 losses of \$6,057,265,060.

The Budget proposes a current, indefinite appropriation to reimburse the Corporation for net realized losses in fiscal year 1994. This appropriation, authority for which has already been enacted by Congress in the Omnibus Budget Reconciliation Act of 1987, would give CCC the flexibility to request funds as needed from Treasury to avoid any operating disruptions due to a lack of sufficient funds.

Explanations of increases and decreases in realized losses from fiscal year 1991 to fiscal year 1992 follow:

- (1) An increase of \$12,530,080 in losses on sales (\$255,013,476 in 1991).
This increase is attributed mainly to the substantial increase in the sales of CCC-owned dairy products (primarily butter and nonfat dry milk), which increased 222 percent from the previous year to \$103.3 million. Lower losses due to certificate exchanges of \$137.4 million in fiscal year 1992, versus \$183 million in fiscal year 1991, partially offset the increased dairy losses. The decrease in certificate losses was due to a decline in certificates available for exchange. Certificates are issued at the current market price for a particular commodity. Certificate holders can exchange certificates for CCC-owned commodities based on the market price at the time of redemption or redeem an outstanding CCC loan and receive a commodity quantity also based on the market price at the time of redemption. A loss is realized because the CCC book value, which includes redeemed loans valued at the loan rate, generally exceeds the value of the certificates as issued. In fiscal year 1992, CCC-owned commodities valued at \$757.2 million were redeemed with certificates valued at \$619.8 million. The \$137.4 million difference represents the loss on certificates issued for feedgrains, rice, and cotton. The remaining loss on sales in fiscal year 1992, \$26.8 million, includes losses on the sale from CCC inventory of wheat, corn, and blended foods.
- (2) An increase of \$59,104,579 in domestic donations (\$304,762,937 in 1991).
This increase primarily reflects increased donations of dairy products, peanut products, and wheat flour under Section 416 for the School Lunch, Institutions, and Special Donations to Needy Families programs due to higher CCC dairy inventory availability and increased allocations of wheat flour for the School Lunch program. A decrease in donations of honey and vegetable oil partially offset the increase.
- (3) A increase of \$187,887,923 in export donations (\$165,315,709 in 1991).
This increase primarily reflects increased donations of corn, wheat flour, bulgur, rice, vegetable oil, and dairy products under the Food for Progress Program and Section 416(b) of the Agricultural Act of 1949 due to the approximately \$200 million humanitarian food assistance program to the former Soviet Union. A decrease in donations of grain sorghum, wheat, and soybean products slightly offset the increase.
- (4) A decrease of \$71,110,788 in storage and handling expense (\$193,306,000 in 1991). A decrease in expenses of \$69,162,789 for the commercial storage and handling of feed grains in fiscal year 1992 accounts for most of the decrease. Lower loan collateral forfeitures and an increased volume of corn and grain sorghum certificate exchanges from CCC-owned inventory resulted in lower CCC inventories and therefore lower storage and handling expenses.

- (5) An increase of \$2,081,903 in transportation expense (\$21,225,324 in 1991).
This increase reflects higher transportation expenses for dairy partially offset by a decrease in transportation expenses for feed grains and wheat.
- (6) An increase of \$81,120,080 in loans written off (\$12,971,954 in 1991).
Fiscal year 1992 write-offs represent over 94 million dollars written-off by the peanut program, with a small adjustment for upland cotton. The increase in peanut loans written off was the result of a record 1991 crop peanut crop which resulted in an above normal entry of quota peanuts into the loan program.
- (7) A decrease of \$59,232,632 in producer storage payments (\$76,516,748 in 1991).
With an overall decline in the bushels held in the reserve, producer storage payments continued to decrease. Advance storage payments of \$3,402,000, which were made in fiscal year 1991 and recorded as a loss in fiscal year 1992 when earned, partially offset the decrease.
- (8) An increase of \$188,000,000 in transfers to the Federal Crop Insurance Corporation (FCIC) (\$150,000,000 in 1991). The Food Security Act of 1985 (FSA) amended the Federal Crop Insurance Corporation Act authorizing the Secretary to use CCC funds at any time the moneys available to the Federal Crop Insurance Corporation are insufficient to pay claims of farmers for insured crop losses. The fiscal year 1992 losses reflect \$338,000,000 transferred to FCIC to pay claims in fiscal year 1992.
- (9) An increase of \$12,400,635 in transfers to APHIS for animal and plant disease eradication (\$5,710,215 in 1991). One transfer was made to APHIS in fiscal year 1992 to fund portions of the Mediterranean fruitfly emergency eradication program and the Asian gypsy moths emergency eradication program.
- (10) A decrease of \$551 in total cash disaster payments (\$613 in 1991).
Fiscal year 1992 activity reflects an adjustment for 1981 crop upland cotton.
- (11) An increase of \$1,127,051,832 in cash deficiency payments (\$6,237,456,534 in 1991). The \$1.1 billion increase is mainly due an increase in 1992 crop deficiency payment losses as compared to 1991 crop losses partially offset by lower loss adjustments on the 1991 crop. The increase in 1992 crop losses versus 1991 crop losses is due primarily to lower 1992 crop prices for the feed grains, rice, and upland cotton resulting in higher deficiency payment rates. By comparison, 1991 crop cash payment losses in fiscal year 1991 totaled \$5,590,563,000, an amount \$1,654,206,000 lower than 1992 crop cash payment losses. In fiscal year 1992, advance 1992 crop cash deficiency payments of \$2,488,181,943 were made representing 50 percent of total estimated 1992 crop deficiency payments for feed grains, wheat, upland cotton, and rice. An additional \$4,756,587,057 in 1992 crop cash deficiency payments was established as a loss in fiscal year 1992 with payment to be made in fiscal year 1993.
- (12) A net decrease of \$736,473 in cash diversion payments (\$623,440 in 1991).
The fiscal year 1992 decrease primarily reflects negative accounting adjustments for corn, wheat, and dairy.
- (13) An increase of \$58,371,516 in rice cash loan deficiency payments (\$6,168,381 in 1991). Authorized by the FSA, this payment was made to producers, who although eligible to obtain crop loans, agreed to forego them in exchange for the payment. The 1989 crop was the first year this authority was used for rice. Fiscal year 1990 was the first year payments were made, for a total of \$2,216,139. Most of the \$58.4 million increase is due to an increase in 1992 crop rice loan deficiency payment losses as compared to 1991 crop losses due to an increase in producer participation. The 1991 crop cash liability, which was originally recorded as a loss in fiscal year 1991, was underestimated by \$16,588,327, resulting in increased 1991 crop deficiency

payment losses. Payments of \$12,134,276 were made for the 1992 crop. An additional \$35,865,724 in 1992 crop loan deficiency payments was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.

- (14) An increase of \$522,806,023 in upland cotton loan deficiency payments (\$0 in 1991). Authorized by the FSA, this payment is made to upland cotton producers who although eligible to obtain crop loans, forgo them in exchange for the payment. No 1991 crop loan deficiency payments were estimated when the 1991 crop year liabilities were formulated in fiscal year 1991. Fiscal year 1992 losses include \$138,782,738 in payments for the 1991 crop. Payments of \$10,673,092 were also made for the 1992 crop. An additional \$373,326,908 in 1992 crop loan deficiency payments was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.
- (15) A decrease of \$3,028,789 in honey loan deficiency payments (\$5,544,000 in 1991). Authorized by the FACT Act, this payment was made to producers, who although eligible to obtain 1991 crop loans, agreed to forego them in exchange for the payment. The 1991 crop was the first year this authority was used for honey. Most of the decrease in honey loan deficiency payments is due to an increase in the honey loan repayment rate which effectively lowers the loan deficiency payment rate per pound. Slightly lower producer participation in the 1992 crop versus 1991 crop program also contributed to the decrease. Payments of \$2,131,882 were made for the 1992 crop. An additional \$494,118 was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.
- (16) An increase of \$2,000,000 in soybeans loan deficiency payments (\$0 in 1991). Authorized by the FSA, this payment was made to producers, who although eligible to obtain them, agreed to forego crop loans in exchange for the payment. No payments were made in fiscal years 1991 and 1992. The \$2,000,000 was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.
- (17) A decrease of \$26,553,421 in minor oilseed cash loan deficiency payments (\$40,018,000 in 1991). The Food, Agriculture, Conservation, and Trade Act of 1990 provides for loan deficiency payments for each of the 1991-1995 crop years to minor oilseed producers who are eligible for price support loans but who agree to forego the loans. The 1991 crop year was the first year of CCC cash loan deficiency payments for minor oilseeds, with \$3,148,694 in cash payments being made in fiscal year 1991. Most of the decrease is due to lower participation in the sunflower seed loan and loan deficiency programs due to lower production coupled with higher prices. Projected 1992 crop loan repayment rates are much higher for oil-type sunflower seed resulting in lower loan deficiency payment rates. Payments of \$28,920,888 were made for the 1991 crop in fiscal year 1992. Payments of \$668,088 were also made for the 1992 crop. An additional \$20,744,912 in 1992 payments was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.
- (18) A decrease of \$34,044 in rice inventory payments (cash) (\$34,004 in 1991). This one-time payment was to protect rice producers from sudden price decreases as a result of the implementation of the FSA. The majority of these payments were made in fiscal year 1986 with a small amount made in fiscal year 1987.
- (19) A decrease of \$60 in rice marketing payments (\$60 in 1991). Similar to upland cotton first handler certificates, 1986 crop rice marketing certificates were issued to eligible producers whenever the world price for rice fell below the loan repayment rate. Cash payments were made in lieu of certificate payments for amounts less than \$100.
- (20) An increase of \$140,292,848 in upland cotton user marketing payments (\$0 in 1991). These payments are made to domestic users and exporters to keep U.S. cotton competitive in the world markets. Payments are determined by

comparing U.S. and foreign prices and are based on actual cotton bales opened by domestic users or exported by exporters. Fiscal year 1992 was the first year of operation for this program.

- (21) A decrease of \$93,740,811 in dairy termination payments (\$96,121,549 in 1991). The decrease reflects producer-selected payment options during the seventh year's operation of the dairy termination program, which was implemented in fiscal year 1986 under the FSA. Dairy termination payments, based on accepted bids submitted by producers, were made to eligible producers who agreed to discontinue milk production for a period of five years. Payments will cease after fiscal year 1992.
- (22) An increase of \$61,194,838 in livestock emergency assistance (\$43,013,856 in 1991). The increase reflects 1992 and prior program liabilities of \$104,208,694 in fiscal year 1992. Estimated 1992 program liabilities are \$50,000,000 of which \$41,221,587 will be provided in fiscal year 1993. Payments made in fiscal year 1992 for the 1992 and prior programs totaled \$88,111,635.
- (23) A decrease of \$117,426 in cost-share burning prickly pear program (\$164,880 in 1991). Authorized by the 1989 Disaster Act this program is designed to provide emergency feed to livestock in Texas by providing cost-share assistance to burn the thorns from the prickly pear cactus to make it suitable for livestock feed. The fiscal year 1992 loss represents 1988 through 1991 program payments of \$47,454.
- (24) A decrease of \$36,674 for the Forage Assistance Program (\$35,420 in 1991). Authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible livestock producers whose established pastures were damaged by drought or related conditions in 1988 and 1989. The 1992 loss represents additional 1988 program adjustments of -\$1,254.
- (25) A decrease of \$21,886,683 for the Tree Assistance Program (\$19,801,170 in 1991). Also authorized by the Disaster Assistance Act of 1988, this program provides assistance to eligible tree farmers who planted tree seedlings in 1987 or 1988 but lost these seedlings to drought or related conditions in 1988. The Disaster Assistance Act of 1989 extended this program for trees and seedlings lost as a result of freezing or related conditions in 1989. The Dire Emergency Supplemental Appropriations Act of 1992 extended the program to orchardists who lost trees or seedlings as a result of freeze, earthquake, or related conditions in 1990, 1991, or 1992. The decrease mainly reflects adjustments in fiscal year 1992 to correct an overstatement of 1988 and 1989 program liabilities, partially offset by 1990 program losses of \$40,398. Payments made in fiscal year 1992 for the 1988 and 1989 programs totaled \$5,917,156 and payments for the 1990 program totaled \$40,398.
- (26) An increase of \$9,757,730 for the emerging democracies technical assistance program (\$227,500 in 1991). The FACT Act of 1990, as amended authorized this program to provide technical assistance to at least three emerging democracies per year through 1995. The increase reflects 1992 expenses associated with the program. Payments of \$3,905,450 were made in fiscal year 1992. An additional \$6,307,280 was established as a loss in fiscal year 1992 with payments to be made in fiscal year 1993.
- (27) An increase of \$147,896,870 in cash payments for the Market Promotion Program (\$48,429,199 in 1991). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The MPP had a minimum program level of \$200 million in fiscal year 1992 with CCC cash funds being used to fund the program. The increase

reflects a shift in the payment mix from certificates to exclusively cash in fiscal year 1992. (also see explanation #42)

- (28) An increase of \$525,637,122 in cash payments for the export enhancement program (\$0 in 1991). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FACT Act to make available to commercial exporters either CCC cash funds or CCC-owned commodities for bonus payments. The fiscal year 1992 loss reflects the value of export enhancement cash payments and the increase reflects a shift in the payment mix from certificates to cash. (also see explanation #41)
- (29) An increase of \$24,424,817 in dairy export incentive cash payments (\$0 in 1991). Fiscal year 1992 activity reflects seven months of cash payments made to U.S. exporters to meet prevailing world prices for targeted dairy products and destinations. This program, established in fiscal year 1985, required payments be made in cash or through the issuance of certificates. On November 6, 1991, CCC announced that payments for this program would be made exclusively with cash funds. (also see explanation #47)
- (30) A decrease of \$78,510 for the multi-year cost share assistance program (\$94,050 in 1991). As authorized by the FACT Act of 1990, producers who plant perennial cover that is capable of improving water quality or wildlife habitat may receive payments to help defray the cost of establishing the cover. The decrease reflects payments of \$15,540 made in fiscal year 1992.
- (31) An increase of \$2,826,458 in 1988 crop disaster payments made in cash (-\$3,638,382 in 1991). The fiscal year 1992 loss represents an additional negative accounting adjustment of \$811,924 for the 1988 crop disaster payments.
- (32) A decrease of \$1,989,411 in 1989 crop disaster payments (\$190,738 in 1991). Eligible producers who suffered crop losses in 1989 due to damaging weather or related conditions in 1988 or 1989 received disaster payments under the Disaster Assistance Act of 1989 (Public Law 101-82). The fiscal year 1992 gain represents adjustments for the 1989 program. The majority of 1989 crop disaster payments were made in certificates in fiscal year 1990. (also see explanation #45).
- (33) A decrease of \$9,342,090 in 1990 crop disaster payments (\$9,342,046 in 1991). The decrease reflects adjustments for payments made to producers of any crop valencia oranges affected by a freeze in 1988 or 1989 or to producers on the Wind River Indian Reservation, Wyoming, who suffered losses due to lack of water as a result of Indian Tribal water rights adjudication.
- (34) A decrease of \$27,292,109 in deficiency payments made in commodity certificates (\$26,327,489 in 1991). The decrease reflects a decline in accounting adjustments in fiscal year 1992 for 1986 crop certificate payments.
- (35) A decrease of \$198,537 in diversion payments made in certificates (\$2,403 in 1991). The decrease represents adjustments made to payments for the 1986 through 1988 crop land diversion programs. No land diversion programs were in effect for the 1989 through 1992 crop years.
- (36) A decrease of \$6,226 in upland cotton loan deficiency payments made in certificates (\$0 in 1991). The decrease represents adjustments for loan deficiency payments which were issued in certificates for the 1986 crop. There were no certificate adjustments made in 1991. Total certificate payments for the 1986 crop, including adjustments were \$65,234,989.
- (37) A decrease of \$230,578 in upland cotton first handler certificates (\$230,578 in 1991). This payment, authorized by the FSA, is required to eligible first handlers of cotton if certain CCC programs fail to make upland

cotton fully competitive in world markets and the world market price for cotton is less than the loan repayment rate. The 1991 total reflected additional 1986 crop first handler certificate accounting adjustments with no adjustments made in 1992. Overall payments of \$110,689,739 were made from fiscal years 1986 through 1991.

- (38) A decrease of \$1,372 in rice marketing certificates (\$0 in 1991). The decrease represents adjustments for rice marketing certificates issued for the 1986 crop. Total program payments from fiscal year 1986 through 1992 were \$19,065,891.
- (39) A decrease of \$10,000 in the ethanol plants assistance program (\$10,000 in 1991). In order to encourage the use of grain in the production of fuel ethanol, the FSA authorized CCC to make commodities available for sale at no cost or reduced cost to qualifying ethanol producers. Most of these payments, which were issued in certificates, were made during fiscal years 1986 and 1987. No assistance was provided to ethanol plants in fiscal years 1988 through 1992. The amounts for fiscal years 1988 through 1991 represent adjustments for prior year payments, with no adjustments made in fiscal year 1992. Payments made over fiscal years 1986 through 1992 totaled \$53,651,238.
- (40) A decrease of \$8,869 in emergency feed certificates (\$0 in 1991). In accordance with the FSA, as amended, CCC is authorized to make feed available for livestock and poultry in areas where feed grains are normally produced but unavailable due to natural disaster. The fiscal year 1992 loss reflects additional adjustments to the value of certificates issued.
- (41) A decrease of \$81,826,035 in Export Enhancement Program certificates (\$677,019,766 in 1991). To encourage the development, maintenance, and expansion of U.S. exports, the Secretary is required by the FACT Act to make available to commercial exporters either CCC cash funds or CCC-owned commodities for bonus payments. The fiscal year 1992 loss reflects the value of export certificates issued. (also see explanation #28)
- (42) A decrease of \$65,776,304 in certificate payments for Market Promotion Program (\$65,766,432 in 1991). The Market Promotion Program (MPP) replaced the Targeted Export Assistance (TEA) Program in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 authorizes the CCC to establish and carry out the MPP to help develop, maintain, and expand commercial markets for agricultural products through cost-share assistance to eligible trade organizations that implement a foreign market development program. The MPP had a minimum program level of \$200 million in fiscal year 1992, with CCC cash funds being used to fund the program. The decrease reflects a shift in the payment mix to an exclusively cash basis in fiscal year 1992. (also see explanation #27)
- (43) A decrease of \$157 in distress commodity certificates (\$157 in 1991). These payments were made in fiscal year 1987 to producers who converted their recourse distress loans to nonrecourse distress loans as part of the settlement process. No certificates were issued for this program in fiscal year 1992.
- (44) A decrease of \$177,668 in Conservation Reserve Program certificates (\$0 in 1991). This decrease reflects the accounting adjustments for annual rental payments and corn bonus payments issued in certificates. These adjustments relate to prior years' direct CCC financing of the program.
- (45) A decrease of \$3,312,640 in 1989 crop disaster assistance certificates (\$2,561,263 in 1991). The Disaster Assistance Act of 1989 (Public Law 101-82) authorized crop disaster payments to producers who suffered crop losses due to damaging weather or related conditions in 1988 or 1989. The fiscal year 1992 loss represents additional negative certificate issuance adjustments for the 1989 crop program.

- (46) A decrease of \$281,211 in disaster assistance certificates for 1986 (\$210,437 in 1991). The Omnibus Reconciliation Act of 1987 and the Farm Disaster Assistance Act of 1987 provided assistance, payable in generic certificates, to producers who experienced 1986 crop losses from natural disasters, or to producers who could not plant their 1987 crop due to a 1986 disaster. The majority of these payments were made in fiscal year 1987. Fiscal year 1992 loss reflects additional negative payment adjustments in connection with 1986 crop disasters.
- (47) An increase of \$24,926,584 in dairy export incentive certificates (\$8,238,308 in 1991). Fiscal year 1992 activity reflects the value of certificate payments made in the first seven months to U.S. exporters to meet prevailing world prices for targeted dairy products and destinations. This program, established in fiscal year 1985, was modified by the Omnibus Trade and Competitiveness Act of 1988 to require payments made in commodities to be made through the issuance of generic certificates. (also see explanation #31).
- (48) A decrease of \$148,377 for the Export Enhancement Program (non-certificate), (\$148,377 in 1991). Fiscal year 1992 losses were \$0. This program, implemented in fiscal year 1985, was modified in fiscal year 1986 whereby bonus payments to exporters may be made in kind or through generic certificates that may be redeemed for CCC-owned commodities.
- (49) A decrease of \$1,793,053 in emergency feed assistance program (\$1,279,647 in 1991). The fiscal year 1992 loss represents program adjustments of -\$513,406.
- (50) An increase of \$350,537 for the Conservation Reserve Program (non-certificate) (-\$793,954 in 1991). This increase reflects a \$228,614 decrease in liquidated damages collected, and adjustments of 1986/87 cost share assistance payments. Beginning in fiscal year 1988, a separate annual conservation reserve appropriation has been enacted with the funds advanced to CCC. As a result, program costs in fiscal year 1988 and subsequent years have been applied, by law, to the direct Conservation Reserve Program appropriation. In fiscal years 1986 and 1987, use of CCC funds was authorized and all losses were charged to CCC.
- (51) A net decrease of \$15,323 in Payment-in-Kind (PIK) program costs (\$15,613 in 1991). This amount is due to adjustments to 1983 and 1984 crop PIK activity.
- (52) An increase of \$211,147,493 in marketing loan write-offs (\$172,808,338 in 1991). The increase mainly reflects a decrease in the adjusted world price for upland cotton. Since the marketing loan write-off rate is based on the difference between the original loan rate and a repayment rate which is linked to the adjusted world price, the world price decrease effectively raised the write-off rate for upland cotton. The opposite happened for rice, lowering the write-off and partially offsetting the increase in cotton. There also was a decrease for honey due to an increase in the honey loan repayment rate. The FACT Act made 1991 and succeeding crop minor oilseeds also eligible for marketing loan write-offs.
- (53) A net increase (larger gain) of \$101,818,031 in milk marketing fees (-\$44,446,335 in 1991). The increase in fiscal year 1992 reflects twelve months of operation in fiscal year 1992 versus nine months operation in fiscal year 1991. The Food, Agriculture, Conservation, and Trade Act of 1990 provided for a deduction on all milk marketed during calendar year 1992. The deduction for January through April was 11.25 cents per hundredweight and May through December was 13.65 cents per hundredweight.

- (54) An increase (gain) of \$52,673,458 in assessments (-\$14,022,659 in 1991). Under the provisions of the Omnibus Budget Reconciliation Act of 1990, certain commodities (malting barley, honey, sugar, peanuts, and tobacco) have assessment programs which require the producer to pay a fee per unit of production in order to share program costs with the Government. The increase in fiscal year 1992 reflects twelve months of operation in fiscal year 1992 on both the 1991 and 1992 crops versus five months on just the 1991 crop.
- (55) An increase (gain) of \$15,473,944 in soybean loan origination fees (-\$185,412 in 1991). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of soybeans pledged as collateral for a price support loan or the quantity of soybeans on which a loan deficiency payment was made for each of the 1991-95 crop years. Fiscal year 1991 was the first year the CCC collected loan origination fees on soybeans with fees based on the minimal amount of 1991 crop loans made in fiscal year 1991. The increase reflects collections of loan origination fees on both 1991 and 1992 crop loans made in fiscal year 1992 with loan origination fee activity taking place during the entire fiscal year.
- (56) An increase (gain) of \$3,937,198 in minor oilseed loan origination fees collected (-\$320,157 in 1991). The Omnibus Budget Reconciliation Act of 1990 amended the FACT Act of 1990 to place a loan origination fee equal to 2% of the national average loan level on the quantity of oilseeds pledged as collateral for a price support loan or the quantity of oilseeds on which a loan deficiency payment was made for each of the 1991-95 crop years. Fiscal year 1991 was the first year the CCC collected loan origination fees on minor oilseeds with fees based on the amount of 1991 crop loans made in fiscal year 1991. The increase reflects collections of loan origination fees on both 1991 and 1992 crop loans made in fiscal year 1992 with loan origination fee activity taking place during the entire fiscal year.
- (57) A decrease of \$1,328,081,860 in total foreign loans charged off in fiscal year 1992 (\$1,328,081,860 in 1991). There were no foreign loans charged off in fiscal year 1992. However, Section 579 of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1991 provides for the reduction of debt owed the U.S. by Poland. One of the mechanisms used to achieve this is through a debt rescheduling agreement. At a Paris Club Meeting in fiscal year 1991 an agreement was reached to restructure all of Poland's debt to the CCC. Among other things, the agreement called for foreign loan write-offs of \$528,120,736 for the Export Credit Sales Program and \$799,961,124 for Export Credit Guarantees. Further restructuring will occur in fiscal year 1994 if Poland makes all of its scheduled repayments in fiscal years 1992 and 1993 resulting in an additional write-off totaling \$710 million. Total outstanding Polish debt at the end of fiscal year 1994, assuming the additional charge-off, will be \$1.025 billion.
- (58) A decrease (smaller gain) of \$527,314 for tobacco budget deficit assessments collected (-\$268,789 in 1991). The fiscal year 1992 amount reflects negative adjustments to assessments collected for 1989 crop flue-cured and burley tobaccos required by the Agricultural Reconciliation Act of 1987 in order to reduce CCC outlays. In lieu of a 1.4 percent reduction in the price support level of tobacco, the 1987 Act allowed the Secretary to impose assessments on tobacco producers and purchasers which would achieve an equal reduction.
- (59) An increase of \$89,029,090 in ocean transportation expense for Section 416 export donations (\$50,392,426 in 1991). The increase is mainly due to an increase in metric tonnage shipped in 1992, due to the approximately \$200 million humanitarian food assistance program to the former Soviet Union. Metric tonnage increased particularly in the donation of corn, vegetable oil, and dairy products.

- (60) An increase of \$30,000,000 for the Hazardous Waste Management Program (\$0 in 1991). The Environmental Protection Agency (EPA) has designated CCC the potentially responsible party for groundwater contamination near four former Corporation grain storage locations. The CCC is undertaking site investigations at these and other former locations. The increase reflects a determination by the Office of Inspector General that CCC should reflect the potential long-term liability of this program within the financial statements. CCC estimates its liability for cleanup costs could reach \$30 million from fiscal year 1992 through 1998 for operations and maintenance costs associated with the Department's hazardous waste management program. Other hazardous waste management costs are being paid for by the USDA Hazardous Waste Management appropriation.
- (61) A decrease of \$448,916,438 in net interest expense (\$538,034,000 in 1991). A reduced average interest rate paid on borrowings from Treasury (4.70% in 1992 versus 7.10% in 1991) and lower interest rates for direct export credits (6.50% in 1992 versus 9.10% in 1991) contributed to the overall decrease. The decrease also reflects a decrease in borrowings for the CCC export guarantee program which is no longer financed by CCC's \$30 billion borrowing authority. This decrease was partially offset by a lower commodity loan repayment rate which resulted in lower commodity loan interest income.
- (62) A decrease of \$584,585,639 in operating expenses (\$676,292,678 in 1991). The change in fiscal year 1992 to a direct appropriation to the ASCS Salaries and Expenses Account versus CCC transfer authority is responsible for this large decrease. Partially offsetting this decrease was lower miscellaneous operating income
- (63) An increase of \$22,589 in prior year adjustments (-\$22,589 in 1991). The increase reflects accounting adjustments in fiscal year 1991 which were not made in fiscal year 1992.

RECONCILIATION TO BUDGET AUTHORITY

The analysis on the preceding pages of realized losses covers the differences between the actual 1991 and 1992 losses of the Corporation. The 1991 losses have been partially reimbursed. Regardless of whether appropriations made to CCC are to restore losses or are for other purposes, the Corporation must record losses in its books for numerous required purposes, including the computation of capital impairment.

The following table reconciles budget authority with appropriations:

(thousands of dollars)

	<u>1993</u>	<u>1994</u>
Appropriation (for realized losses)...	\$9,200,000	\$20,896,614 <u>a/</u>
Appropriation (for disaster payments).	430,000	---
Portion applied to CCC debt reduction.	<u>-9,630,000</u>	<u>-20,896,614</u>
Adjusted Appropriation.....	---	---
Adjustments.....		
Authority to borrow.....	+14,405,611	+11,100,744
CCC Export Guarantee Liquidating		
Account appropriation.....	+443,570	+170,436
CCC Export Loans Program Account....	+755,384	+406,631
National Wool Act appropriation.....	<u>+191,115</u>	<u>+182,806</u>
Budget Authority (net).....	<u>\$15,795,680</u>	<u>\$11,860,617</u>

a/ Proposed to be reimbursed through current, indefinite appropriation as authorized by the Omnibus Budget Reconciliation Act of 1987.

The following tables reflect actual and estimated losses by commodity and program for fiscal years 1991 through 1994.

Fiscal Year 1991 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^a
<u>Program Costs</u>							
Gain/H or loss on sales	255.0	135.9	82.2	10.7	-3.9	32.1	-2.0
Domestic donations	304.8	10.7	31.9	2.8	—	224.7	34.7
Export donations	165.3	146.8	2.6	—	—	—	15.9
Storage and handling	193.3	125.0	42.5	0.2	1.0	22.5	2.1
Transportation	21.2	1.0	0.3	—	—	19.9	0.0
Loans written off	13.0	—	—	—	—	—	13.0
Producer storage payments	76.5	62.6	13.9	—	—	—	—
Cash deficiency payments	6,237.5	2,978.8	2,301.8	503.3	453.4	—	0.2
Cash diversion payments	0.6	0.6	—	—	—	—	—
Cash loan deficiency payments	51.7	—	—	6.2	—	—	45.5
Deficiency certificate payments	26.3	0.2	26.0	0.1	—	—	-0.0
Dairy termination program	96.1	—	—	—	—	96.1	—
FCIC Crop Indemnity Payments	150.0	—	—	—	—	—	150.0
Livestock Assistance	43.2	—	—	—	—	—	43.2
Cash Crop Disaster Payments	7.2	—	—	—	—	—	7.2
Crop Disaster Certificates	2.8	—	—	—	—	—	2.8
Marketing promotion program cash payments	48.4	—	—	—	—	—	48.4
Marketing assessments and loan origination fees	-69.0	—	—	—	—	-44.4	-14.6
Other certificates b/	751.3	—	—	—	0.2	8.2	742.9
Marketing loan write-offs	172.8	—	—	156.3	0.6	—	15.9
Foreign loans charged off	1,328.1	—	—	—	—	—	1,328.1
Other c/	43.8	-0.2	-1.2	-0.5	-0.5	-0.1	46.3
Total program costs	9,929.9	3,461.4	2,500.0	679.1	450.8	359.0	2,479.6
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	235.2						
Short-term and intermediate export credit sales	67.6						
Export guarantees	235.2						
Operating expenses	676.3						
Total nonprogram costs	1,214.3						
Total, net realized losses	11,144.2						

a/ Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, blended food products, vegetable oil products, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other certificates include export enhancement, market promotion program, cotton first handler, ethanol plant assistance, and dairy export incentive program.

c/ Other costs includes ocean transportation for export donations, APHIS eradication of animal and plant disease, administrative equipment, tobacco budget deficit assessment and other programs.

Fiscal Year 1992 - Actual (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^a
<u>Program Costs</u>							
Gain (H) or loss on sales	267.5	113.6	14.9	16.6	12.9	103.3	6.2
Domestic donations	363.9	10.4	60.8	3.0	—	252.0	37.7
Export donations	353.2	181.9	4.3	2.8	—	145.9	18.3
Storage and handling	122.2	55.8	40.0	0.2	0.1	25.7	0.4
Transportation	23.3	-0.1	-0.1	0.1	—	23.3	0.1
Loans written off	94.1	—	—	—	-0.2	—	94.3
Cash deficiency payments	7,364.5	4,305.0	1,382.1	556.9	1,114.9	—	5.6
Cash loan deficiency payments	605.3	—	—	64.5	522.8	—	18.0
User marketing cash payments	140.3	—	—	—	140.3	—	—
Dairy termination program	2.4	—	—	—	—	2.4	—
Producer storage payments	17.3	2.7	14.6	—	—	—	—
FCIC crop indemnity payments	338.0	—	—	—	—	—	338.0
Livestock assistance	104.3	—	—	—	—	—	104.3
Export enhancement program certificates	595.2	—	—	—	—	—	595.2
Export enhancement program cash payments	525.6	—	—	—	—	—	525.6
Dairy export incentive cash	24.4	—	—	—	—	24.4	—
Dairy export incentive certs	33.2	—	—	—	—	33.2	—
Market promotion program cash payments	196.3	—	—	—	—	—	196.3
Marketing loan write-offs	384.0	—	—	57.1	320.3	—	6.6
Marketing assessments and loan origination fees	-232.9	-7.0	—	—	—	-146.3	-79.6
Other ^{b/}	243.2	-1.9	-7.2	0.2	—	23.9	228.2
Total program costs	11,565.3	4,660.4	1,509.4	701.4	2,111.1	487.8	2,095.2
<u>Nonprogram costs:</u>							
<u>Interest (net):</u>							
Support and related	61.2						
Export credit sales	27.9						
Operating expenses	121.7						
Total nonprogram costs	210.8						
Total, net realized losses	11,776.1						

a/ Other commodities and programs include soybeans, minor oilseeds, tobacco, peanuts and peanut products, vegetable oil products, honey, sugar, administrative equipment, ocean transportation for export donations, export enhancement, and market promotion.

b/ Other costs include deficiency and diversion certificates expenses, ocean transportation for export donations, APHIS eradication of animal and plant disease, depreciation costs associated with administrative equipment, dairy assessment refunds, cost share assistance, and miscellaneous expenses.

Fiscal Year 1993—Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^a
<u>Program Costs</u>							
Gain/loss on sales	121.2	9.1	3.4	0.1	34.2	73.8	0.6
Domestic donations	242.3	9.4	6.2	2.6	—	180.8	43.3
Export donations	501.7	162.2	21.6	2.7	—	208.0	107.2
Storage and handling	95.1	29.5	41.0	0.3	0.1	23.4	0.8
Transportation	20.1	2.3	—	—	—	17.7	0.1
Loans written off	53.0	—	—	—	—	—	53.0
Producer storage payments	18.9	12.9	6.0	—	—	—	—
Cash deficiency payments	8,068.0	4,161.7	2,146.0	651.9	1,099.0	—	9.4
Cash loan deficiency payments	382.9	—	—	49.8	341.0	—	-7.9
User marketing cash payments	200.0	—	—	—	200.0	—	—
Dairy export incentive cash	86.4	—	—	—	—	86.4	—
User marketing certificate payments	100.0	—	—	—	100.0	—	—
Market promotion program cash payments	147.7	—	—	—	—	—	147.7
Export enhancement program cash payments	1,200.0	—	—	—	—	—	1,200.0
FCIC Crop Indemnity Payments	150.0	—	—	—	—	—	150.0
Marketing loan write-offs	538.6	—	—	111.5	418.6	—	8.5
Marketing assessments and loan origination fees	-294.8	-6.9	—	—	—	-190.6	-97.3
Other ^{b/}	203.0	—	—	—	—	19.1	183.9
Total program costs	11,834.1	4,380.2	2,224.2	818.9	2,192.9	418.6	1,799.3
<u>Nonprogram costs:</u>							
Interest (net):							
Support and related	161.9						
Short-term and intermediate export credit sales	7.0						
Operating expenses	11.8						
Total nonprogram costs	180.7						
Total, net realized losses	12,014.8						

^{a/} Other commodities and programs include rye, soybeans, tobacco, peanuts and peanut products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, safflower seed, export enhancement, market promotion and FCIC crop indemnity.

^{b/} Other costs include ocean transportation for export donations, administrative equipment, APHIS eradication of animal and plant disease, dairy assessment refunds, cost share assistance, and miscellaneous expenses.

Fiscal Year 1994 - Estimated (millions of dollars)

ITEM	TOTAL	FEED GRAINS AND PRODUCTS	WHEAT AND PRODUCTS	RICE	UPLAND COTTON	DAIRY PRODUCTS	ALL OTHER COMMODITIES AND PROGRAMS ^a
<u>Program Costs</u>							
Gain/loss on sales	89.6	-0.8	—	—	22.0	65.8	2.6
Domestic donations	223.9	9.2	5.5	2.6	—	161.6	45.0
Export donations	266.3	57.0	—	—	—	209.3	—
Storage and handling	84.7	18.2	42.2	0.2	0.1	18.7	5.3
Transportation	24.8	0.7	—	—	—	24.1	-0.0
Loans written off	11.4	—	—	—	—	—	11.4
Producer storage payments	67.4	65.4	2.0	—	—	—	—
Cash deficiency payments	7,434.0	3,659.2	2,061.0	652.5	1,052.0	—	9.3
Cash loan deficiency payments	146.4	—	—	43.4	98.0	—	5.0
User marketing cash payments	175.0	—	—	—	175.0	—	—
User marketing cert payments	75.0	—	—	—	75.0	—	—
Dairy export incentive cash	73.6	—	—	—	—	73.6	—
Market promotion program cash payments	200.0	—	—	—	—	—	200.0
Export Enhancement Program cash payments	1,000.0	—	—	—	—	—	1,000.0
FCIC Crop Indemnity Payments	370.1	—	—	—	—	—	370.1
Marketing loan write-offs	456.6	—	—	113.7	336.3	—	6.6
Foreign loans charged off	282.5	—	—	—	—	—	282.5
Marketing assessments and loan origination fees	-289.1	-8.3	—	—	—	-190.7	-90.1
Other ^{b/}	86.7	—	—	—	—	18.9	67.8
Total program costs	10,778.9	3,800.6	2,110.7	812.4	1,758.4	381.3	1,915.5
<u>Nonprogram costs:</u>							
<u>Interest (net):</u>							
Support and related	219.5	—	—	—	—	—	—
Short-term and intermediate export credit sales	-3.7	—	—	—	—	—	—
Operating expenses	6.4	—	—	—	—	—	—
Total nonprogram costs	222.2	—	—	—	—	—	—
Total, net realized losses	11,001.1	—	—	—	—	—	—

a/ Other commodities and programs include soybeans, tobacco, peanuts and peanut products, vegetable oil products, extra long staple cotton, honey, sugar, sunflower seed, flaxseed, canola, rapeseed, mustard seed, safflower seed, market promotion, FCIC crop indemnity, and foreign loans charged off.

b/ Other costs include miscellaneous expenses, ocean transportation for export donations, dairy assessment refunds, and cost share assistance.

National Wool Act

Appropriations Act, 1993.....	\$191,115,000
Budget Estimate, 1994.....	182,806,000
Decrease in Appropriation.....	<u>-8,309,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1993 Estimated (1991 Calendar Year)	Increase or Decrease	1994 Estimated (1992 Calendar Year)
Total duties collected in the applicable calendar year	\$399,259,304	\$4,999,699	\$404,259,000
70 percent of duties collected, representing maximum available for reimbursement to CCC	279,481,513	+3,499,787	282,981,300
Appropriation or estimate to reimburse CCC	191,115,000	-8,309,000	182,806,000

The 1993 appropriation covers reimbursement for fiscal year 1992 expenditures (not otherwise recovered) relating to marketings in the 1991 calendar year. The 1994 appropriation estimate covers fiscal year 1993 estimated expenditures relating to marketings in the 1992 calendar year.

PROJECT STATEMENT

(On basis of appropriation)

Item	1992 Actual	1993 Estimated	Decrease	1994 Estimated
Reimbursement to Commodity Credit Corporation for expenditures under the National Wool Act, available or estimate	\$172,240,000	\$191,115,000	-\$8,309,000 (1)	\$182,806,000

EXPLANATION OF PROGRAM

The wool and mohair payment program administered by the Agricultural Stabilization and Conservation Service is required by the National Wool Act of 1954, as amended. The Act, which has been extended several times, was extended by the Food, Agriculture, Conservation, and Trade Act of 1990 to cover marketings through December 31, 1995.

Payments are made on marketings during each calendar year on shorn wool, unshorn lambs (to compensate producers for the wool on lambs) and mohair. The payments are made beginning in April for marketings during the previous year at a rate approximating the difference between the support price and the national average price received by producers.

To encourage producers to do a good job of marketing their wool and to receive the best possible price in the market, a percentage of the actual price received by the producer is used as the payment rate rather than making a uniform flat payment per pound of wool. The higher the market price the producer obtains, the greater the incentive payment he will receive.

Payments, initially financed by CCC, are made to eligible producers through the Agricultural Stabilization and Conservation Service county offices. Total payments under the Act are limited to 70 percent of the accumulated gross receipts from import duties collected on and after January 1, 1953, on wool and wool manufactures.

The Omnibus Budget Reconciliation Act of 1990 provides for a marketing assessment for the 1991 through 1995 marketing years for wool and mohair. Wool and mohair producers will have their incentive payments reduced by one percent.

The following table shows amounts collected and available for payment (in thousands of dollars).

<u>Item</u>	Fiscal Year 1992 (1991 Marketing Year) <u>Actual</u>	Fiscal Year 1993 (1992 Marketing Year) <u>Estimate</u>	Fiscal Year 1994 (1993 Marketing Year) <u>Estimate</u>
Available for payments, 70 percent of duties collected:			
Cumulative from January 1, 1953.....	\$5,216,591	\$5,499,572	\$5,786,053
Cumulative payments to producers.....	<u>2,337,331</u>	<u>2,518,431</u>	<u>2,706,031</u>
Balance available, end of year.....	<u>2,879,260</u>	<u>2,981,141</u>	<u>3,080,022</u>

The Act provides that the Corporation will be reimbursed for payments to producers and operating costs from the permanent appropriation. The amounts appropriated for any fiscal year shall not exceed 70 percent of the duties collected during the period January 1 to December 31 preceding the beginning of each such fiscal year.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$8,309,000 in the appropriation to reimburse the Commodity Credit Corporation.

<u>Item of Change</u>	<u>1993 Estimate (Fiscal Year 1992 Expendi- tures)</u>	<u>Increase or Decrease</u>	<u>1994 Estimate (Fiscal Year 1993 Expendi- tures)</u>
Payments to producers:			
Shorn wool.....	\$108,218,000	-\$6,418,000 (a)	\$101,800,000
Unshorn lambs.....	26,183,000	-3,883,000 (b)	22,300,000
Mohair.....	52,647,000	+4,353,000 (c)	57,000,000
Total payments.....	187,048,000	-5,948,000	181,100,000
Interest expenses.....	5,857,000	-2,340,000 (d)	3,517,000
Assessments.....	-1,790,000	-21,000 (e)	-1,811,000
Total.....	<u>191,115,000</u>	<u>-8,309,000</u>	<u>182,806,000</u>

Need for Change. Commodity Credit Corporation funds are used to operate the wool incentive and mohair support program. The Corporation is reimbursed for the program costs by a permanent appropriation which is limited to 70 percent of all duties collected on wool and wool manufactures during the preceding calendar year. Estimated program costs for fiscal year 1993 are \$182,806,000. Program cost are estimated to decrease in fiscal year 1993, due to lower payments because of higher market prices received for wool partially offset by lower market prices for mohair. A slight increase in the wool and mohair assessments also contributes to the decrease.

Nature of Change.

- (a) A decrease of \$6,418,000 in shorn wool payments (\$108,218,000 in 1993). This results from a projected increase in the season average price for shorn wool, from \$0.55 to \$0.70 per pound, decreasing the payment rate from \$1.33 to \$1.27 per pound, which is applied to lower marketings of shorn wool.
- (b) A decrease of \$3,883,000 in payments on unshorn lambs (\$26,183,000 in 1993). This decrease is due to a decrease in the payment rate for wool as explained above, decreasing the payment rate for unshorn lambs from \$5.32 to \$5.08 per hundredweight, which is applied to lower marketings of unshorn lambs.
- (c) An increase of \$4,353,000 in payments on mohair (\$52,647,000 in 1993). This increase is primarily due to a decrease in the season average price from \$1.28 to \$1.25, resulting in an increase in the payment rate from \$3.168 to \$3.363 per pound, which is applied to higher marketings of mohair.
- (d) A decrease of \$2,340,000 in interest expenses (\$5,857,000 in 1993). This decrease is due primarily to a decrease in the interest rate charged the Corporation for Treasury borrowings and a decrease in program costs due to lower payments.
- (e) An increase (gain) of \$21,000 in assessments (\$1,790,000 in 1993). This small increase is caused by the assessment charge to producers (1% of total payments) implemented by the Omnibus Budget Reconciliation Act of 1990. The producer pays a fee per unit of production in order to share program costs with the Government.

EXPENDITURES AND REIMBURSEMENTS TO CCC
UNDER THE NATIONAL WOOL ACT

Costs

Expenditures under this program include payments to producers, plus operating and interest costs. The following table shows the basis of the estimates for fiscal years 1992, 1993, and 1994.

Item	Fiscal Year 1992 (1991 Marketing Year) Actual	Fiscal Year 1993 (1992 Marketing Year) Estimated	Fiscal Year 1994 (1993 Marketing Year) Estimated
Volume of Marketings:			
Pounds of shorn wool.....	82,600,000	81,000,000	81,000,000
Hundredweight, unshorn lambs.	4,700,000	4,500,000	4,400,000
Pounds of mohair.....	15,850,000	17,300,000	17,500,000
Incentive or Support Level:			
Price per lb of wool (cents).....	188.0	197.0	204.0
Price per lb of mohair (cents).....	444.8	461.3	473.8
Percent of parity - wool.	57.5	58.8	58.0
Percent of parity - mohair.....	48.9	50.0	50.0
Payments under Act - Rates:			
Shorn wool, per lb (cents).....	133.0	127.0	136.0
Unshorn lambs, cwt (cents).....	532.0	508.0	544.0
Mohair, per lb (cents)...	316.8	336.3	323.8
Amount of Payments:			
Shorn wool.....	\$108,218,000	\$101,800,000	\$108,400,000
Unshorn lambs.....	26,183,000	22,300,000	23,800,000
Mohair.....	52,647,000	57,000,000	55,400,000
Total payments.....	187,048,000	181,100,000	187,600,000
Marketing Assessments:			
Wool.....	-1,259,000	-1,241,000	-1,322,000
Mohair.....	-531,000	-570,000	-554,000
Interest Expense.....	5,857,000	3,517,000	4,873,000
Current year expenditures..	191,115,000	182,806,000	190,597,000
Unrecovered balance, prior years.....	172,240,000	191,115,000	182,806,000
Total cumulative unrecovered balance....	363,355,000	373,921,000	373,403,000
Reimbursement to CCC (70 percent of preceding calendar year duty collections) a/.....	-172,240,000	-191,115,000	-182,806,000
Unrecovered balance, end of year.....	191,115,000	182,806,000	190,597,000

a/ Reimbursement limited to actual expenditures of preceding fiscal year and prior fiscal year amounts not previously reimbursed.

PUBLIC LAW 480

Purpose Statement

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds for Title I ocean freight differential, Title II, and Title III become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual costs, the excess is used to reduce future appropriation requests.

The following activities are carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83rd Congress, as amended by the Food, Agriculture, Conservation, and Trade Act of 1990 (FACT Act):

1. Financing sales of agricultural commodities to developing countries for dollars on credit terms, or for local currencies (including for local currencies on credit terms) for use under section 104; and for furnishing commodities to carry out the Food for Progress Act of 1985, as amended (Title I). All sales are made pursuant to agreements concluded under the authority of Title I, using funds appropriated for P.L. 480. The Commodity Credit Corporation may serve as the purchasing or shipping agent, or both, for the importing country or may award contracts for freight agent services on behalf of the Corporation to handle shipping of commodities under P.L. 480.

Sales are made to developing countries as defined in section 402(4) of P.L. 480 and must not displace expected commercial sales (sections 403(e) and (h)). Agreements are made with developing countries for delivery in accordance with the terms of agreement.

Funds appropriated to carry out Title I may also be used to furnish commodities to carry out the Food for Progress Act of 1985. Such commodities may be furnished on credit terms or on a grant basis in order to assist developing countries and countries that are emerging democracies that have made a commitment to introduce and expand free enterprise elements in their agricultural economies.

2. Commodities supplied in connection with dispositions abroad (Title II). Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations.

3. Commodities supplied in connection with dispositions abroad (Title III). Under Title III, agricultural commodities are furnished to least developed countries as defined in section 302(a). Commodities are provided through foreign governments for direct feeding, development of emergency food reserves or may be sold with the proceeds of such sale used by the recipient country for specific economic development purposes. The Corporation may pay, in connection with furnishing commodities under Title III, the same cost items as are authorized under Title II.

Credit Reform

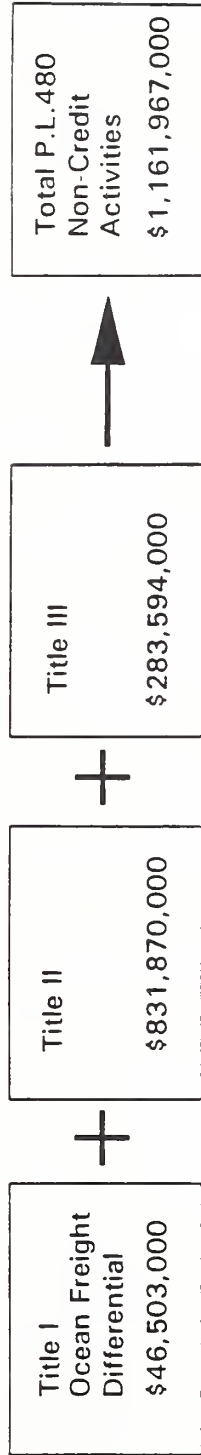
Credit reform procedures for federal credit programs authorized by the Budget Enforcement Act of 1990, Title XIII of the Omnibus Budget Reconciliation Act of 1990, were incorporated beginning with the 1992 budget. These procedures require that budget authority and outlays for direct credit and guarantee programs represent their subsidy costs, including interest subsidies, defaults, and administrative expenses, rather than disbursements net of repayments and other collections. In addition to the request for subsidy budget authority, the proposed 1994 appropriation language includes the estimated direct credit that would be extended based on the subsidy amount requested. The appropriation language also specifies the portion of the requested budget authority to be used for administrative expenses. Budget authority for the subsidy represents the present value of estimated net cashflows over the lifetime of the credit issued; whereas outlays represent the portion of the subsidy related to the credit issued within the year. Budget authority and outlays for the subsidies are presented in the Budget in "program accounts." All disbursement and repayment activity related to credit issued in fiscal year 1992 or later appear in a "financing account" and are considered "off-budget" for purposes of estimating the deficit. Budget authority and outlays for portfolios of credit existing prior to implementation of credit reform are reflected in the budget in "liquidating accounts" and are calculated as before, to represent disbursements and borrower repayments.

For P.L. 480, the "loan program account" is comprised of the estimated subsidy for direct credit extended to finance Title I commodities and related Title I administrative expenses. In fiscal year 1994, the appropriation request for the P.L. 480 program account is \$353,794,000. Because credit reform rules require the separate treatment of credit and non-credit activities, a separate appropriation of \$1,161,967,000 is requested for the non-credit P.L. 480 activities which include Title I ocean freight differential and the Titles II and III programs. The total appropriation request for P.L. 480 in fiscal year 1994 is \$1,515,761,000.

The chart on the next page depicts the fiscal year 1994 proposed appropriation for P.L. 480 non-credit and credit activities:

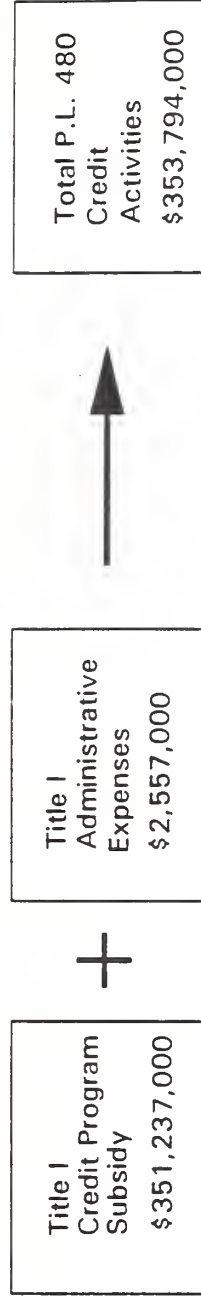
FY 1994 P.L.480 APPROPRIATION REQUEST

P.L.480 Non-Credit (Grant) Activities



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P.L.480 Credit Activities



Total FY 1994 P.L.480 Appropriation Request	\$1,515,761,000
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PUBLIC LAW 480
Available Funds
1992 Actual and Estimated, 1993 and 1994

Item	1992 Actual a/	1993 Estimated	1994 Estimated
Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities to carry out the Food for Progress Act of 1985 (Title I)			
Credit Authority	\$494,819,000	\$509,996,000	\$456,092,000
Subsidy	\$371,519,000	\$342,003,000	\$351,237,000
Administrative Expenses:			
OGSM	1,242,000	1,467,000	1,500,000
ASCS	573,000	1,036,000	1,057,000
Total admin expenses (Title I)	1,815,000	2,503,000	2,557,000
Title I and Admin Expenses Available:			
Title I Credit Authority	494,819,000	509,996,000	456,092,000
Credit Subsidy and Admin Expenses	373,334,000	344,506,000	353,794,000
Ocean freight differential (Title I)	39,603,000	45,280,000	46,503,000
Commodities supplied in connection with dispositions abroad (Title II)	746,472,000	810,000,000	831,870,000
Commodities supplied in connection with dispositions abroad (Title III)	323,594,000	333,594,000	283,594,000
PL 480 Grant appropriation:			
Title I ocean freight differential, Title II and Title III programs	1,109,669,000	1,188,874,000	1,161,967,000
Total program costs funded	1,604,488,000	1,698,870,000	1,618,059,000
Total available (P.L. 480) b/	1,483,003,000	1,533,380,000	1,515,761,000
Total credit sales limitation	494,819,000	509,996,000	456,092,000

a/ Titles I, II, and III funds were reapportioned in June 1992 to make an additional \$45 million available for obligation under Title II for emergency relief in Africa and other areas. (\$7.8 million was transferred from Title I program level and subsidy, \$12.2 million was transferred from Title I Ocean Freight Differential, and \$25 million was transferred from Title III.) In July 1992, Title I and Title II funds were reapportioned to make an additional \$6 million available for obligation under Title I for emergency relief in Georgia, an independent state of the former Soviet Union. In August, 1992, Title I and Title III funds were reapportioned to make an additional \$15 million available for obligation under Title III for assistance to drought-stricken Zambia.

b/ Includes amounts available for P.L. 480 administrative expenses. Farmer-to-Farmer program costs included in available funds: FY 1992=\$11.4 million, FY 1993=\$13.4 million, FY 1994=\$13.2 million.

Notes: Effective in fiscal year 1992, obligations incurred in a fiscal year under Public Law 480 Title I are based on the date the purchase authorization is issued with an anticipated export date by December 31. Title II obligations incurred are based on a commodity contract award date issued by September 30 with an anticipated export date of December 31. Title III obligations are based on the date the request for commodity purchase is made (the "call forward" date), with a commodity contract award date by September 30.

Beginning in fiscal year 1992, under credit reform procedures, obligations for Title I purchase authorizations are limited to the credit level amount in the appropriation language. The related subsidy will be based on country risk assessments and the total limited to the appropriated subsidy. Credit sales made are financed from the financing account. Related Title I ocean freight differential costs are paid from a separate P.L. 480 grant account as are Title II and III program costs. Financing of Title I obligations incurred prior to fiscal year 1992 is carried out through the liquidating account. P.L. 480 funds and authorities for all three titles remain available until expended, unless otherwise provided.

The following table reconciles the program level to program costs financed by the P.L. 480 appropriation:

Reconciliation of Budget Authority to On-Budget Outlays

	FY 1992 Actual a/	FY 1993 Estimated	FY 1994 Estimated
<u>Title I</u>			
Budget Authority, Credit Subsidy	\$371,519,000	\$342,003,000	\$351,237,000
Budget Authority, Admin Expenses	1,815,000	2,503,000	2,557,000
Prior Year obligations financed	---	231,030,280	82,081,280
Obligations financed in the succeeding year	-231,030,280	-82,081,280	-84,297,280
Outlays, Title I program account	142,303,720	493,455,000	351,578,000
<u>Title I Ocean Freight</u>			
Differential (OFD)	39,603,000	45,280,000	46,503,000
Prior Year obligations financed	12,000,012	31,689,000	10,867,000
Obligations financed in the succeeding year	-31,689,000	-10,867,000	-11,161,000
Outlays, Title I OFD	19,914,012	66,102,000	46,209,000
Outlays, Total Title I	162,217,732	559,557,000	397,787,000
<u>Title II</u>			
Commodity Costs	401,477,530	469,870,000	540,137,000
Ocean and inland transportation	321,779,500	318,510,000	270,069,000
Farmer-to-Farmer Assistance b/	13,214,970	11,620,000	11,664,000
Transfers to Private Voluntary Organizations (PVO's) c/	10,000,000	10,000,000	10,000,000
Title II, Budget Authority	746,472,000	810,000,000	831,870,000
Prior Year obligations financed	271,283,174	213,912,000	194,400,000
Obligations financed in the succeeding year	-213,912,000	-194,400,000	-199,649,000
Outlays, Title II	803,843,174	829,512,000	826,621,000
<u>Title III</u>			
Commodity Costs	233,189,100	239,494,000	203,794,000
Ocean and inland transportation	90,404,900	93,400,000	79,200,000
Farmer-to-Farmer Assistance	---	700,000	600,000
Title III, Budget Authority	323,594,000	333,594,000	283,594,000
Prior Year obligations financed	240,535,856	181,213,000	166,797,000
Obligations financed in the succeeding year	-181,213,000	-166,797,000	-141,797,000
Outlays, Title III	382,916,856	348,010,000	308,594,000
<u>On-Budget Outlays, Total PL 480:</u>			
Program Account:			
Outlays, Title I	142,303,720	493,455,000	351,578,000
Grant Account:			
Title I Ocean freight differential	19,914,012	66,102,000	46,209,000
Title II	803,843,174	829,512,000	826,621,000
Title III	382,916,856	348,010,000	308,594,000
Outlays, Grant Account	1,206,674,042	1,243,624,000	1,181,424,000
Outlays, PL 480	1,348,977,762	1,737,079,000	1,533,002,000

a/ Reflects the following transfers in program level and appropriation: \$25.0 million from Title III to Title II, \$12.2 million from Title I OFD to Title II, \$7.8 million from Title I program account to Title II, \$6 million from Title II to Title I, and \$15 million from Title I to Title III. Authority for the transfers is contained in the Agricultural, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1992 (P.L. 102-142).

b/ Includes technical assistance to be made available to the newly independent states of the former Soviet Union.

c/ Provides funds for private voluntary organizations and cooperatives to assist in meeting administrative, management and internal transportation and distribution costs for carrying out Title II programs.

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Public Law 480 Program and Grant Accounts
(Including Transfers of Funds)

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691, 1701-1715, 1721-1726, 1727-1727f, 1731-1736g), as follows: (1) [\$509,996,000] \$456,092,000 for Public Law 480 title I credit, including Food for Progress credit; (2) [\$45,280,000] \$46,503,000 is hereby appropriated for ocean freight differential costs for the shipment of agricultural commodities pursuant to title I of said Act and the Food for Progress Act of 1985, as amended; (3) [\$810,000,000] \$831,870,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title II of said Act; and (4) [\$333,594,000] \$283,594,000 is hereby appropriated for commodities supplied in connection with dispositions abroad pursuant to title III of said Act: Provided, That not to exceed [10] 15 per centum of the funds made available to carry out any title of said Act may be used to carry out any other title of said Act: Provided further, That such sums shall remain available until expended (7 U.S.C. 2209b).

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of direct credit agreements as authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended, and the Food for Progress Act of 1985, as amended, including the cost of modifying credit agreements under said Act, [~~\$342,003,000~~] \$351,237,000.

In addition, for administrative expenses to carry out the Public Law 480 title I credit program, and the Food for Progress Act of 1985, as amended, to the extent funds appropriated for Public Law 480 are utilized, ~~[\$2,503,000]~~ \$2,557,000.

The first change adds grant to the title of this section of the appropriations language since the Public Law 480 Program and Grant Accounts are funded through this section of the appropriations language.

The second change increases the percentage of funds allowed to be transferred between titles to 15 percent to permit more flexibility in responding to the needs of importing countries.

Debt Restructuring Under the Enterprise for the Americas

For the cost, as defined in section 502 of the Congressional Budget Act of 1974, of modifying direct credit agreements as authorized by title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended, ~~[\$40,000,000]~~ \$32,574,000, to remain available until expended.

This change will provide greater flexibility in implementation of the debt reduction initiative.

P.L. 480 PROGRAM ACCOUNT-DIRECT CREDIT

	Limitation on Direct Credit	Subsidy	Administrative Expenses
Appropriations Act, 1993	\$509,996,000	\$342,003,000	\$2,503,000
Budget Estimate, 1994	<u>456,092,000</u>	<u>351,237,000</u>	<u>2,557,000</u>
Increase or Decrease in Amount	-53,904,000	9,234,000	54,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriations)

<u>Item of Change</u>	1993 <u>Estimated</u>	<u>Change</u>	1994 <u>Estimated</u>
P.L. 480 Direct Credit Level	\$509,996,000	-\$53,904,000	\$456,092,000
Subsidy costs	342,003,000	9,234,000	351,237,000
Administrative expenses:			
General Sales Manager	1,467,000	\$33,000	1,500,000
ASCS	<u>1,036,000</u>	<u>\$21,000</u>	<u>1,057,000</u>
Total, Administrative Expenses	2,503,000	\$54,000	2,557,000

Public Law 480 Grants
(on basis of appropriation)

	(Title I) Ocean Freight Differential	(Title II) Emergency and Private Assistance Programs a/	(Title III) Food for Development a/	Total
Appropriations Act, 1993	\$45,280,000	\$810,000,000	\$333,594,000	\$1,188,874,000
Budget Estimate, 1994	46,503,000	831,870,000	283,594,000	1,161,967,000
Increase or Decrease in Appropriation	1,223,000	21,870,000	-50,000,000	-26,907,000

a/ Commodities supplied in connection with dispositions abroad.

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

Item of Change	1993 Estimated	Program Changes	1994 Estimated
Ocean Freight Differential (Title I)	\$45,280,000	\$1,223,000	\$46,503,000
Commodities supplied in connection with dispositions abroad (Title II)	810,000,000	21,870,000	831,870,000
Commodities supplied in connection with dispositions abroad (Title III)	333,594,000	-50,000,000	283,594,000
Total Appropriation	1,188,874,000	-26,907,000	1,161,967,000

PUBLIC LAW 480
PROJECT STATEMENT

(on basis of appropriation and available funds)

Project	1992 Actual	1993 Estimated	Increase or Decrease	1994 Estimated
1. Financing the sale of agricultural commodities for dollars on credit terms and for foreign currencies, and furnishing commodities for Food for Progress, and for administrative expenses (Title I)				
Direct Credit:	\$494,819,000	\$509,996,000	-\$53,904,000	\$456,092,000
Subsidy:	371,519,000	342,003,000	9,234,000	351,237,000
Administrative Expenses:	1,815,000	2,503,000	54,000	2,557,000
2. Ocean Freight Differential (Title I)	39,603,000	45,280,000	1,223,000	46,503,000
3. Commodities supplied in connection with dispositions abroad (Title II)	746,472,000	810,000,000	21,870,000	831,870,000
4. Commodities supplied in connection with dispositions abroad (Title III)	323,594,000	333,594,000	-50,000,000	283,594,000
Total, appropriation	1,483,003,000	1,533,380,000	-17,619,000	1,515,761,000
P.L. 480 Summary:				
Direct Credit	494,819,000	509,996,000	-53,904,000 (1)	456,092,000
Subsidy	371,519,000	342,003,000	9,234,000 (2)	351,237,000
Administrative Expenses	1,815,000	2,503,000	54,000 (3)	2,557,000
Grants	1,109,669,000	1,188,874,000	-26,907,000 (4)	1,161,967,000

The preceding project statement reflects estimated program costs on the basis of appropriation and available funds, including 1991 obligations financed in fiscal year 1992 from available unexpended 1991 balances and 1992 funds. The rate at which expenditures and obligations are made under these programs is influenced by crop conditions, commodity availability, economic conditions in receiving countries, availability of shipping, port facilities, and similiar factors.

The amounts requested in the appropriation for the Title I program account in fiscal year 1994 consist of the subsidy amount of \$351,237,000 to fund Title I direct credit of \$456,092,000 and related administrative expenses of \$2,557,000. Programming under Title I takes place to the extent that appropriated subsidy amounts are available. Unused subsidy amounts expire at the end of the program year to the extent the direct credit level is not fully obligated. Receipts from Title I direct credit issued prior to fiscal year 1992, proceeds from sales of foreign currencies or unexpended balances were not available to reduce the Title I appropriation request for fiscal years 1992 and 1993 and are not available to reduce the appropriation request for fiscal year 1994.

The amounts provided in the appropriation for Title II or Title III are not fully controlling since the basic law permits the Government to enter into multi-year programs of assistance involving expenditures which must be financed from subsequent appropriations. However, such programs may not exceed the program level authorized in appropriation acts, adjusted for transfers to or from Title I, within amounts specified by the proviso in the appropriation language. If funds appropriated for Titles II and III are in excess of amounts actually used in an actual year, adjusted for any applicable transfers, such amounts are applied against current year estimated costs and reduce the subsequent appropriations requested for the budget year.

EXPLANATION OF PROGRAM

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

No agreements may be made with the government of any country which engages in a consistent pattern of gross violations of internationally recognized human rights or other flagrant denial of the right to life, liberty, and personal security unless the use of the commodities themselves or proceeds from their sale is targeted to the most needy people of that country and is made available through channels other than the government.

The authorization for agreements to finance sales and programs of assistance under Public Law 480 was extended through December 31, 1995, by amendments included in the FACT Act, Public Law 101-624, signed November 28, 1990.

TITLE I

The P.L. 480 Title I appropriation finances all sales made pursuant to agreements concluded under Title I. Sales are made to developing countries--as defined in section 402(4) of the Act--and do not displace expected commercial sales for cash dollars (sections 403(e) and (h)).

In order to stimulate and increase sales for dollars through credit, this title provides for sales of U.S. farm products under long-term credit arrangements. The purpose is to expand international trade, develop and expand export markets, and encourage economic development in the developing countries. Agreements are made with the governments of developing nations.

Repayments for agricultural commodities sold under Title I may be made, with interest at a concessional rate as determined by the Secretary, either in U.S. dollars or in local currencies on credit terms up to 30 years, with a grace period of up to seven years. Interest is charged from the date of last delivery in each calendar year. Payments received under fiscal year 1992 and future agreements will be deposited in a financing account for use by the U.S. Treasury to offset U.S. Government outlays.

Local currencies received under Title I sales agreements may be used in carrying out activities under section 104 of the Agricultural Trade Development and Assistance Act of 1954, as amended. Activities in the recipient country for which these local currencies may be used include developing new markets for U.S. agricultural commodities on a mutually beneficial basis, paying U.S. obligations, and supporting agricultural development or research.

Under the Food for Progress Act of 1985, the Corporation may finance the sale and exportation of agricultural commodities on credit terms, or on a grant basis, to support developing countries and countries that are emerging democracies and have commitments to introduce or expand free enterprise elements in their agricultural economies. For commodities furnished on a grant basis, the Corporation may pay,

in addition to acquisition costs and ocean transportation, such related commodity and delivery charges as are specified for commodities supplied under Title II.

For most sales agreements under Title I, the Corporation will pay ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used by authority of the Merchant Marine Act. In limited cases, full transportation costs to port of entry or point of entry abroad may be included with the cost of the commodity in the amount financed by CCC to ensure that U.S. food aid will reach the most needy recipients.

Section 411 of P.L. 480 authorizes the President to waive payments of principal and interest under dollar credit sales agreements for countries which are least developed and have in effect either an International Monetary Fund standby agreement, a structural adjustment program of the International Bank for Reconstruction and Development or if no agreement is in effect, the country is pursuing a policy to promote democratic, market-oriented and long-term economic development. If such authority is used to waive payments, no new Title I assistance may be provided for that country for two years following the date of the authorized waiver unless the President provides prior written justification to the Congress.

TITLE II

Under Title II, as amended, commodities are supplied to foreign countries to combat malnutrition, to meet famine or other urgent relief requirements, promote sound environmental practices and carry out the United States' commitment to the World Food Program.

Amendments to Title II statutory authorities included in the Food, Agriculture, Conservation, and Trade Act of 1990 require that a minimum of 1.925 million metric tons (grain equivalent basis) of agricultural commodities be programmed in fiscal year 1991. The minimum Title II program requirement increases by 25,000 metric tons for each subsequent year through fiscal year 1995. Of the 1991 program requirement, a minimum 1.450 million metric tons (grain equivalent basis) were to be distributed for nonemergency programs through voluntary agencies, cooperatives and the World Food Program, unless the Administrator of the Agency for International Development (AID) determines and reports to Congress that such an amount cannot be used effectively or is needed in order to meet an emergency. The nonemergency program requirement also increases by 25,000 metric tons for each subsequent year through fiscal year 1995.

Commodities requested may be furnished from the Corporation's inventory acquired under price support programs or purchased from private stocks. Commodities furnished from the Corporation's inventory which are acquired under a domestic price support program are valued at a price not greater than the export market price at the time of delivery for purposes of determining the reimbursement due the Corporation.

The Corporation also finances the costs of ocean transportation to ports of entry, or to points of entry other than ports in the case of landlocked countries, or when the use of a point of entry other than port would result in substantial savings in costs or time.

The Corporation may also pay transportation costs from designated ports of entry or points of entry abroad to storage and distribution sites, and associated storage and distribution costs for commodities, including prepositioned commodities, made available to meet urgent or extraordinary relief requirements.

Local distribution is usually made by nonprofit voluntary agencies, including foreign voluntary agencies when no United States agency is available, as well as by local governments.

For fiscal years 1991 through 1995, no less than \$10.0 million nor more than \$13.5 million of the funds provided annually for Title II shall be made available to private voluntary organizations and cooperatives to assist these organizations in establishing new Title II programs or to meet specific administrative, management and internal transportation and distribution costs for carrying out Title II programs in foreign countries. A request for such funds must be made by the organization and is subject to approval by the Administrator of AID.

Amendments made by the FACT Act also establish a Food Aid Consultative Group headed by the Administrator to meet on an on-going basis to review and address Title II regulations and procedures for their effectiveness in governing Title II programs. The Group shall terminate on December 31, 1995.

Assistance under Title II is directed toward activities designed to alleviate the causes of the need for such aid. Programs of assistance shall not be undertaken under this title during any fiscal year which call for an appropriation to reimburse the Corporation in excess of \$1 billion plus the unused prior year's authorization.

TITLE III

The Agricultural Trade Development and Assistance Act of 1954, as amended in 1990, established a new Title III program, beginning January 1, 1991. AID administers the Title III program.

Under this new program, which emphasizes the integration of U.S. food aid programs into the development programs of the U.S. government and those of the recipient country, commodities are donated to least developed countries. The donated commodities may be used as balance of payments or economic sector support to encourage policy reform or may be sold in the recipient country and the revenue generated may be used in that country to promote economic development. The law also stresses several specific development themes including enhancement of food security, privatization of food and agricultural distribution systems, and support of nutrition improvement and child survival initiatives. In addition, Title III resources may generally be used to promote broad-based, equitable, and sustainable economic development, including agriculture.

The "least developed" countries are defined in section 302 of P.L. 480 and are based on the poverty criteria established for Civil Works Preference by the World Bank. For fiscal year 1993, this criteria included countries with a per capita GNP of less than \$635.

Countries that do not meet the poverty criteria may still be considered "least developed" for purposes of Title III eligibility if they meet each of the following three food deficit criteria established in P.L. 480: the daily per capita consumption of the country is less than 2,300 calories; the mortality rate of children under five years of age in the country is in excess of 100 per 1,000 births; and the country is unable to meet its food security requirements through domestic production or imports due to a shortage of foreign exchange earnings.

Based on the fiscal year 1993 guidelines, 54 countries, one-half of which are in Africa, are identified as "least developed," and are therefore considered eligible for Title III food aid.

Although a country may satisfy the definition of a "least developed country," it still may not be provided assistance under Title III if other statutory or policy restrictions or funding constraints on providing assistance to that country exist.

The U.S. Government will donate Title III agricultural commodities without charge to the recipient country and will arrange for and pay the costs of purchasing, processing, handling and transporting the commodities to the port or point of entry in the recipient country.

FOOD SECURITY WHEAT RESERVE

The Food Security Wheat Reserve was established under authority of the Food Security Wheat Reserve Act of 1980 (P.L. 96-494). The Act authorizes a reserve of up to 147 million bushels (four million metric tons) of wheat which can be made available for programming through P.L. 480 to provide emergency humanitarian food assistance to developing countries.

Wheat from the reserve can be released by the President under two conditions. First, up to four million metric tons of the reserve can be made available for P.L. 480 programming any time the U.S. domestic supply of wheat is so limited that quantities of wheat cannot be made available for P.L. 480 under the availability criteria set forth in Section 401(a) of the Agricultural Trade Development and Assistance of 1954. Second, up to 300,000 metric tons of wheat may be released from the reserve in any fiscal year for use under Title II to provide urgent humanitarian relief in any developing country suffering a major disaster, and when the normal means of obtaining commodities for food assistance make timely programming impossible. Reimbursement to the Corporation for wheat released from the reserve is to be made from funds made available to P.L. 480 at the lower of the actual costs incurred by the Corporation or the export market price of wheat, as determined by the Secretary, at the time of export. The FACT Act added a provision requiring replenishment of the reserve no later than 18 months after the release of stocks. Replenishment may be made either through purchases to the extent funds are appropriated in advance and provided that such purchases do not unduly disrupt the market, or by designating an equivalent quantity of CCC-owned wheat from uncommitted stocks.

DEBT REDUCTION - ENTERPRISE FOR THE AMERICAS (EAI)

Debt reduction is authorized for P.L. 480 Title I under the Enterprise for the Americas Initiative, Title VI of the Agricultural Trade Development and Assistance Act of 1954, as amended. Debt reduction for outstanding Title I direct credit as of January 1, 1990 is authorized for Latin American and Caribbean countries which meet certain eligibility requirements including making significant progress toward establishing an International Monetary Fund standby arrangement, placing into effect major investment reforms in conjunction with an InterAmerican Development Bank loan and, if applicable, arranging with its commercial bank lenders a debt service reduction. In fiscal year 1993, the U.S. government signed EAI agreements with El Salvador and Uruguay reducing P.L. 480 Title I debt outstanding by 80% and 40%, respectively.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 PROGRAM ACCOUNT (DIRECT CREDIT)

- (1) A decrease of \$53,904 thousand in Title I direct credit (\$509,996 thousand appropriated for FY 1993)

Need for Change. This decrease, which reflects a shift in programming to higher risk countries, represents the program level achievable given the FY 1994 subsidy request.

Nature of Change. This decreased program level will provide commodity shipments of 2.627 million metric tons grain equivalent (MMTGE) compared to 2.866 MMTGE estimated for FY 1993.

- (2) An increase of \$9,234 thousand in Title I subsidy (\$342,003 thousand appropriated for FY 1993)

Need for Change. Under credit reform requirements, the lifetime subsidy cost of direct credit must be requested in advance through appropriation.

Nature of Change. This increase in subsidy is due to a shift of program level to countries with higher anticipated subsidy costs.

- (3) An increase of \$54 thousand in total administrative expenses (\$2,503 thousand appropriated for FY 1993)

Need for Change: Administrative expenses are transferred to OGSM and ASCS for administration of P.L. 480 Title I credit sales. These increases are based on the scope and complexities of administering credit reform requirements.

Nature of Change: The increase in estimated administrative expenses transferred to OGSM is \$33 thousand and the increase in estimated administrative expenses transferred to ASCS is \$21 thousand.

JUSTIFICATION OF INCREASES AND DECREASES
P.L. 480 GRANT ACCOUNT

(4) A net decrease of \$26,907 thousand for P.L. 480 grants (\$1,188,874 thousand appropriated for FY 1993) consisting of:

(a) An increase of \$1,223 thousand in Title I ocean freight differential costs (\$45,280 thousand appropriated for FY 1993)

Need for Change. This increase is due to technical assumptions used to formulate the President's Budget.

Nature of Change. Any additional cost of shipping P.L. 480 Title I program commodities on U.S. flag ships is paid through the P.L. 480 program.

(b) An increase of \$21,870 thousand in Title II program costs (\$810,000 thousand appropriated for FY 1993)

Need of Change. This increase is due to higher anticipated commodity shipments.

Nature of Change. This increased program level will provide commodity shipments of 2.394 million metric tons grain equivalent (MMTGE) compared to 2.152 MMTGE in FY 1993.

(c) A decrease of \$50,000 thousand in Title III program costs (\$333,594 thousand appropriated for FY 1993)

Need for Change: This decrease is in response to the President's deficit reduction proposals, resulting in lower anticipated commodity shipments.

Nature of Change: This decreased program level will provide commodity shipments of 1.257 million metric tons grain equivalent (MMTGE) compared to 1.410 MMTGE in FY 1993.

An illustrative commodity mix of the program at the requested level is as follows:

TITLE I	FY 1992 Actual		FY 1993 Est.		FY 1994 Est.	
	(\$Mill)	(000 MTGE)	(\$Mill)	(000 MTGE)	(\$Mill)	(000 MTGE)
Wheat/Wheat Flour	229.1	1,594	272.1	1,851	239.1	1,730
Rice	29.5	103	48.6	191	42.7	144
Feed Grains	56.0	554	50.3	524	44.1	450
Vegetable Oil	56.7	120	64.7	130	56.8	116
Oilseeds and Meal	48.7	235	36.6	133	32.1	149
Tallow	13.5	44	14.1	37	12.4	38
Cotton	17.8	7	0.0	0	0.0	0
Other	1.0					
Total Commodities	452.3	2,656	486.4	2,866	427.2	2,627
Ocean Freight Differential	39.6		45.3		46.5	
Farmer-to-Farmer Program			1.1		0.9	
Ocean Freight Financing	16.1		12.1		15.0	
Ocean Freight Grants	26.4		10.4		13.0	
Title I Program Level	534.4		555.3		502.6	

TITLE II	FY 1992 Actual		FY 1993 Est.		FY 1994 Est.	
	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)
Wheat & products	161.9	978	145.8	915	167.6	1,006
Feed Grains and products	46.6	316	33.3	322	38.2	356
Rice	76.5	242	57.2	194	65.8	222
Vegetable Oil	93.1	137	110.8	156	127.4	170
Soybean Meal	2.1	9	0.0	0	0	0
Pulses	34.8	79	42.3	109	48.6	123
Non-fat Dried Milk	3.7	12	0.0	0	0.0	0
Blended Foods	82.9	263	80.5	306	92.5	336
Total Commodities	501.6	2,036	469.9	2,002	540.1	2,213
PVO admin cost	10.0		10.0		10.0	
Farmer-to-Farmer Program	11.4		11.6		11.7	
Ocean Transportation	280.8		318.5		270.1	
Total Program Level	803.8		810.0		831.9	
Thousand Metric Tons Gr Eq.		2,217		2,152		2,394

TITLE III	FY 1992 Actual		FY 1993 Est.		FY 1994 Est.	
	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)	(\$Mill)	(000 MT)
Wheat/wheat flour	207.2	1503	146.4	997	124.7	902
Rice	21.3	66	23.8	94	20.2	68
Feed Grains	39.2	335	18.8	196	16.0	163
Vegetable Oil	22.0	47	21.8	90	18.5	96
Tallow	4.0	13	6.9	18	5.9	16
Beans	0.6	1	0.0	0	0.0	0
Upland cotton	0.0	0	21.8	15	18.5	12
Total Commodities	294.3	1,965	239.5	1,410	203.8	1,257
Ocean Freight Cost	88.6		93.4		79.2	
Farmer-to-Farmer Program	0.0		0.7		0.6	
Total Program Level	382.9		333.6		283.6	
Thousand Metric Tons Gr Eq.		1,970		1,410		1,257

DEBT RESTRUCTURING
Available Funds
1992 Actual and Estimated 1993 and 1994

<u>Item</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>1994 Estimated</u>
Debt restructuring under the Enterprise for the Americas Initiative (EAI):			
Expected Value of Loans Forgiven	---	\$72,950,000 a/	63,176,000
Subsidy	---	\$40,000,000	32,574,000

a/ Reflects combined expected principal loan value transferred to the PL 480 liquidating account as a result of EAI debt restructuring. Under EAI debt restructuring, the P.L. 480 liquidating account must be reimbursed for the principal loan value determined on a net present value basis.

DEBT RESTRUCTURING

	<u>Expected Value of Loans Forgiven - EAI</u>	<u>Subsidy</u>
Appropriations Act, 1993	\$72,950,000	\$40,000,000
Budget Estimate, 1994	<u>63,176,000</u>	<u>32,574,000</u>
Decrease in Amount	-9,774,000	-7,426,000

SUMMARY OF INCREASES AND DECREASES
(on basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Program Change</u>	<u>1994 Estimated</u>
Expected Value of Loans Forgiven	\$72,950,000	-\$9,774,000	\$63,176,000
Subsidy	40,000,000	-7,426,000	32,574,000

PROJECT STATEMENT

(on basis of appropriation and available funds)

Project	1992 Actual	1993 Estimated	Decrease	1994 Estimated
Debt restructuring under the Enterprise for the Americas Initiative (EAI):				
Expected Value of Loans Forgiven	---	\$72,950,000	-9,774,000 (1)	\$63,176,000
Subsidy	---	40,000,000	-7,426,000 (2)	32,574,000

JUSTIFICATION OF INCREASES AND DECREASES
DEBT RESTRUCTURING PROGRAM ACCOUNT

(1) A decrease of \$9,774 thousand in EAI debt restructuring (\$72,950 thousand estimated for FY 1993)

Nature of Change: This decrease will allow for a lower level of debt forgiveness under EAI.

(2) A decrease of \$7,426 thousand in EAI subsidy (\$40,000 thousand appropriated for FY 1993)

Nature of Change: This decrease in subsidy is due to lower levels of anticipated debt forgiveness under EAI in response to the President's deficit reduction proposals.

FOREIGN AGRICULTURAL SERVICE

Purpose Statement

The Foreign Agricultural Service was established on March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 83-690, approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The agency performs the following kinds of service functions:

It maintains a worldwide agricultural market intelligence and commodity reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is done through a continuous program of reporting by 75 posts located throughout the world covering some 133 countries. Reporting includes information and/or data on foreign government policies, analysis of supply and demand conditions, commercial trade relationships and market opportunities. Advanced computer and telecommunications technology is used to improve and speed the flow of information between the posts and Washington.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attache reports and are a result of thorough analysis using complex econometric techniques to generate these estimates.

In addition, the Service uses advanced techniques for identifying, delineating and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer aided analysis of satellite, meteorological, agricultural and related data.

The Service develops foreign markets for U.S. farm products through effective market expansion activities. It provides services to the U.S. and foreign agricultural trade sectors that are necessary to establish, build and maintain overseas markets for U.S. agricultural products. The Agricultural Trade Act of 1978 includes authority to establish up to 25 Agricultural Trade Offices. Currently 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups and state export marketing officials in trade promotion.

The Service initiates, directs and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices of other countries that hinder U.S. agricultural exports to third markets.

Headquarters of the Service is in Washington, D.C. Work of the Service is also carried out in 75 posts around the world. As of September 30, 1992, there were 897 permanent full-time employees, 630 in headquarters and 267 in field locations abroad.

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

Available Funds and Staff—Years

1992 Actual and Estimated 1993 and 1994

Item	1992 Actual	Staff— Years	1993 Estimated	Staff— Years	1994 Estimated	Staff— Years
	Amount		Amount		Amount	
Foreign Agricultural Service	114,774,000	759	117,928,000	743	109,094,000	751
Obligations under other USDA appropriations:						
Agricultural Marketing Service for Cotton Research and Soybean Bd.	36,650	--	40,000	--	40,000	--
Commodity Credit Corporation for: Landsat Data and support of export programs	2,200,000	2	2,200,000	2	2,200,000	2
ADP services	151,356	--	--	--	--	--
MPP Evaluations	1,000,000	--	1,000,000	--	1,000,000	--
Emerging Democracies program	9,879,522	--	10,000,000	--	10,000,000	--
Economic Research Service for Foreign Publication						
Procurement Program	3,750	--	4,000	--	4,000	--
Departmental Administration for: Advisory Committees	207,223	--	155,000	--	155,000	--
Reimbursable details	123,327	--	--	--	--	--
Total, Other USDA Appropriations	13,601,828	2	13,399,000	2	13,399,000	2
Total, Agriculture Appropriations	128,375,828	761	131,327,000	745	122,493,000	753
Non—Federal Funds:						
Information Circulars	252,000	--	255,000	--	255,000	--
User Fees for Attache Reports	90,000	--	90,000	--	90,000	--
User Fees for AIMS Trade Leads	60,000	--	50,000	--	50,000	--
User Fees for Computer Time and Files	2,600	--	3,000	--	3,000	--
Export Sales Report	--	--	9,000	--	9,000	--
Total, Non—Federal Funds	404,600	--	407,000	--	407,000	--
Total, Foreign Agricultural Service	128,780,428	761	131,734,000	745	122,900,000	753
General Sales Manager:						
Transfer from CCC	5,098,000	70	4,668,000	70	--	--
Direct Appropriation	--	--	--	--	4,772,000	70
Credit Reform Funds						
From Other Accounts						
CCC Export Loans						
Program Account	2,731,000	51	2,731,000	51	2,792,000	51
P L 480 Program Account	1,242,000	24	1,467,000	24	1,500,000	24
Total, General Sales Manager	9,071,000	145	8,866,000	145	9,064,000	145

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

Permanent Positions by Grade and Staff—Year Summary

1992 and Estimated 1993 and 1994

Grade	1992			1993			1994		
	Head- Quarters	Field	Total	Head- Quarters	Field	Total	Head- Quarters	Field	Total
ES-6	1	--	1	1	--	1	1	--	1
ES-5	4	--	4	4	--	4	4	--	4
ES-2	2	--	2	2	--	2	2	--	2
ES-1	1	--	1	1	--	1	1	--	1
GS/GM-15	25	--	25	25	--	25	25	--	25
GS/GM-14	59	--	59	57	--	57	59	--	59
GS/GM-13	94	--	94	90	--	90	92	--	92
GS/GM-12	102	--	102	98	--	98	100	--	100
GS/GM-11	47	--	47	43	--	43	45	--	45
GS/GM-10	2	--	2	2	--	2	2	--	2
GS/GM-9	41	--	41	39	--	39	39	--	39
GS/GM-8	13	--	13	13	--	13	13	--	13
GS/GM-7	58	--	58	58	--	58	58	--	58
GS/GM-6	51	--	51	51	--	51	51	--	51
GS/GM-5	24	--	24	24	--	24	24	--	24
GS/GM-4	15	--	15	15	--	15	15	--	15
GS/GM-3	2	--	2	2	--	2	2	--	2
GS/GM-2	1	--	1	1	--	1	1	--	1
Other Graded Positions	88	125	213	88	125	213	88	125	213
Ungraded Positions	2	149	151	2	149	151	2	149	151
Total Per- manent Positions	632	274	906	616	274	890	624	274	898
Unfilled Positions end-of-year	0	0	0	0	0	0	0	0	0
Total, Permanent Employment, end-of-year	632	274	906	616	274	890	624	274	898
Staff—Years	632	274	906	616	274	890	624	274	898

**FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER**

CLASSIFICATION BY OBJECTS

1992 and Estimated 1993 and 1994

Personnel Compensation:	1992	1993	1994
Headquarters	35,844,965	36,727,000	37,576,000
Field	19,005,791	19,540,000	20,671,000
11 Total personnel compensation	44,290,997	44,552,000	46,126,000
12 Personnel benefits	10,103,897	11,220,000	11,599,000
13 Benefits for former personnel	455,862	495,000	522,000
Total pers. comp. & benefits	54,850,756	56,267,000	58,247,000
Other Objects:			
21 Travel	4,456,010	4,033,000	3,833,000
22 Transportation of things	1,470,184	1,321,000	1,242,000
23.2 Rental payments to others	7,630,065	8,383,000	8,247,000
23.3 Communications, utilities and misc. charges	3,305,058	3,573,000	3,360,000
24 Printing and reprod.	1,234,776	1,118,000	1,034,000
25 Other services	45,537,095	49,957,000	40,387,000
26 Supplies and materials	2,238,549	1,575,000	1,542,000
31 Equipment	2,433,694	487,000	169,000
42 Insurance claims and indemnities	209,774	80,000	97,000
Total other objects	68,515,205	70,527,000	59,911,000
Total direct obligations	123,365,961	126,794,000	118,158,000

Position Data:			
Average Salary, ES positions	102,250	105,829	109,533
Average Salary, FO positions	73,700	76,280	78,949
Average Salary, GM/GS positions	46,940	48,583	50,283
Average Grade, GM/GS positions	11.0	11.0	11.0

FOREIGN AGRICULTURAL SERVICE
OFFICE OF THE GENERAL SALES MANAGER

The estimates include appropriation language for this items as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses of the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954, as amended (7 U.S.C. 1761-1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$125,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), [\$110,023,000] \$109,094,000: Provided, That this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

Funds appropriated to this account are available for administrative expenses and equipment purchases previously funded by the Commodity Credit Corporation. Hereafter no funds may be made available for these purposes other than those provided in appropriation Acts.

This change restricts the use of CCC funds for administrative expenses and equipment purchases.

General Sales Manager (Including transfers of funds):

- 1 For necessary expenses of the Office of the General Sales Manager, [\$8,866,000] \$9,064,000, of which [\$4,668,000 may be transferred from Commodity Credit Corporation funds, \$2,731,000] \$2,792,000 may be transferred from the Commodity Credit Corporation Program Account in this Act, and
- 2 [\$1,467,000] \$1,500,000 may be transferred from the Public Law 480 Program Account in this Act. [Of these funds, up to \$4,000,000 shall be available only for the purpose of selling surplus agricultural commodities from Commodity Credit Corporation inventory in world trade at competitive prices for the purpose of regaining and retaining our normal share of world markets. The General Sales Manager shall report directly to the Secretary of Agriculture. The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation, including grade and quality as sold and as delivered, including information relating to the effectiveness of greater reliance by the General Sales Manager upon loan guarantees as contrasted to direct loans for financing commercial export sales of agricultural commodities out of private stocks on credit terms, as provided in titles I and II of the Agricultural Trade Act of 1978, Public Law 95-501, and shall submit quarterly reports to the appropriate committees of Congress concerning such
- 3 developments.] Funds appropriated to this account are available for administrative expenses and equipment purchases previously funded by the Commodity Credit Corporation. Hereafter no funds may be made available for these purposes other than those provided in appropriations Acts.

The first change reflects the direct appropriation of funds to the General Sales Manager, which were previously transferred from the Commodity Credit Corporation.

The second change deletes restrictive language contained in the appropriations act.

The third change restricts the use of CCC funds for administrative expenses and equipment purchases.

FOREIGN AGRICULTURAL SERVICE

Appropriations Act, 1993	\$110,023,000
Budget Estimate, 1994	109,094,000
Decrease in Appropriation	<u>- 929,000</u>

Adjustments in 1993

Appropriations Act, 1993	\$110,023,000	
Transfer from Commodity Credit Corporation for CCC Computer Facility and ADP costs a/	<u>+ 7,905,000</u>	
Adjusted base for FY 1993		117,928,000
Budget Estimate, Current Law, 1994		109,094,000
Decrease over adjusted 1993		<u>- 8,834,000</u>

a/ Reflects direct appropriation transfer of \$7,487 thousand for the operation of the CCC Computer Facility and related ADP Costs previously funded from CCC and \$418 thousand for personnel costs previously funded from ASCS.

SUMMARY OF INCREASES AND DECREASES

(On basis of adjusted appropriation)

Item of Change	1993 Estimated	Pay Cost	Other Changes	1994 Estimated
Foreign Agricultural Affairs	\$37,513,000	+ \$343,000	- \$76,000	\$37,780,000
Foreign Market Information and Access	25,554,000	+ 344,000	+ 11,000	25,909,000
Foreign Market Development	<u>54,861,000</u>	<u>+ 497,000</u>	<u>- 9,953,000</u>	<u>45,405,000</u>
Total Available	<u>117,928,000</u>	<u>+ 1,184,000</u>	<u>- 10,018,000</u>	<u>109,094,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

	1992 Actual		1993 Estimated		Increase or Decrease	1994 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
1. Foreign Agricultural Affairs	\$36,853,476	302	\$37,513,000	302	+ \$267,000 (1)	\$37,780,000	302
2. Foreign Market Informa- tion and Access	22,693,518	262	25,554,000	246	+ 355,000 (2)	25,909,000	254
3. Foreign Market Develop- ment	54,247,967	195	54,861,000	195	- 9,456,000 (3)	45,405,000	195
4. AmeriFlora '92 Exposition	500,000	--	--	--	--	--	--
Unobligated Balance	479,039	--	--	--	--	--	--
Total available or estimate	114,774,000	759	117,928,000	743	- 8,834,000	109,094,000	751
Transfer from CCC and ASCS for ADP and Computer Center	- 4,251,000	--	- 7,905,000	--			
Total Approp- riation	110,523,000	759	110,023,000	743			

EXPLANATION OF PROGRAM

The Foreign Agricultural Service appropriation funds the activities authorized by the Agricultural Act of 1954 (P.L. 690), as amended, and the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended. The activities carried out are as follows:

FOREIGN AGRICULTURAL AFFAIRS - This program area conducts activities contributing to five major objectives. The objectives and their respective workload and achievement indices are as follows:

1. Collecting, interpreting and analyzing marketing, economic and trade information from foreign areas essential to the administration of U.S. foreign agricultural policies and programs; this information is disseminated to farmers for use in planning and marketing decisions. Counselors and attaches submit approximately 5,500 reports annually on production, marketing, economic and trade information.
2. Providing guidance and field supervision to cooperators implementing market development and related projects overseas. Annually, counselors and attaches provide over 3,200 trade leads and write tens of thousands of letters and faxes responding to inquiries regarding U.S. and host country agriculture.
3. Representing global U.S. agricultural trade policy interests, with particular emphasis on obtaining improved access for U.S. farm exports. An estimated 1,100 special trade access communications are sent each year containing direct support for the U.S. export trade.
4. Contributing mission support including guidance and assistance to agricultural development programs in less-developed friendly countries. As members of Embassy country teams, counselors and attaches provide technical guidance on U.S. agricultural developments.
5. Providing representation at international meetings, assistance to U.S. delegates attending international agricultural fora, and service to other USDA agency programs.

FOREIGN MARKET INFORMATION AND ACCESS - This activity consists of two program areas--commodity programs and international trade policy. These functions, their related objectives, and their respective workload and achievement indices are discussed below.

The program areas prepare and disseminate approximately 130 commodity circulars covering over 100 commodities, 12 World Agricultural Production reports, four issues of the Outlook for U.S. Agricultural Exports published jointly with the Economic Research Service, the monthly Agricultural Trade Highlights and make a major contribution to the USDA's 12 World Agricultural Supply and Demand Estimates reports. In addition to published documents, numerous current information reports and ad hoc analyses are prepared for internal use by the Administrator and other policy officials of the Department. These reports include the Desk Top Guide to U.S. Agricultural Trade, the country financial risk analysis for potential countries eligible for GSM credit programs, and daily/weekly commodity Price and Key Developments reports and the weekly Export Enhancement Program update report.

1. Commodity Programs - This program area conducts activities contributing to six major objectives. The objectives addressed and, where feasible, their respective workload and achievement indices are as follows:
 - a. Providing American farmers, traders, agribusiness leaders, and policy makers with timely estimates and forecasts of world agricultural production. These areas also provide primary input to commodity program

operations and prepare the monthly World Agricultural Production report. These ongoing programs involve preparation of monthly estimates of major field crops, biannual estimates of horticultural and tropical crops and annual estimates of forest products and livestock production.

- b. Providing analysts and counselors/attaches with current information on the existence, extent, and probable impact of weather-related events on foreign crop conditions.
- c. Providing American farmers, traders, and agribusiness leaders with timely and accurate information on world supply and demand of U.S. agricultural products. Data analyses of factors such as trade potential, prices, supply, consumption, and overall demand are conducted by commodity specialists. The impact these factors have upon U.S. agricultural exports and market development activities are a particular focus of the commodity programs area. These analyses are distributed on a timely basis to the U.S. agricultural community through FAS circular publications, participation in trade and business conferences and meetings, and U.S. trade organizations.
- d. Providing U.S. Government policymakers adequate information with which to make decisions regarding U.S. and international agricultural interests. Advanced economic analyses are conducted to examine the data and produce short-term commodity forecasts, commodity status summaries and market potential assessments on a country and area basis. These data are utilized as key inputs in the decisionmaking process regarding domestic farm policies, foreign trade negotiations and agreements, and market development programs.
- e. Fulfilling U.S. legislative requirements:
 - (1) Day-to-day administration of the Meat Import Act (P.L. 96-177) in cooperation with the U.S. Customs Service and such other special actions as are necessary.
 - (2) Administration of quota cheese pricing limitations prescribed in Section 702 of the Trade Agreements Act of 1979 (P.L. 96-39).
 - (3) Analysis and evaluation of the role of sugar in world trade patterns.
 - (4) Market development and commodity analysis for the Market Promotion Program mandated in Section 203 of the Agricultural Trade Act of 1978, as amended.
 - (5) Market development and commodity analysis for the Export Enhancement Program, the Dairy Export Incentive Program, the Sunflowerseed Oil Assistance Program, and the Cottonseed Oil Assistance Program.
- f. Providing support and services to an export expansion effort conducted in cooperation with commodity associations, State Departments of Agriculture and private exporters to the benefit of the U.S. agricultural sector. Special studies are made on a country, region, and world basis for assigned commodities to identify market opportunities, to determine the likely impact of competition from other countries, and to plan strategic promotional activities to enhance U.S. agricultural exports. Virtually every U.S. farm product entering world trade is promoted by one of the market development activities supported by commodity programs.

The information contained in these analyses is collected via a comprehensive agricultural attache reporting system, analyzed in a timely manner, and promptly reported to domestic producers, exporters, policymakers, the public and other interested users. Particular emphasis

is placed on disseminating current information on foreign market situations and forecasting trends in foreign agricultural supply and demand.

Special studies are made on a country, area, foreign and world basis for assigned commodities to identify market opportunities, and determine the likely impact of competition from other commodities and countries on U.S. exports. Also, economic analyses are made covering weekly reports submitted by exporters showing their shipments to date and outstanding sales.

2. International Trade Policy - This program area conducts activities contributing to the following major objectives:
 - a. Supporting bilateral and multilateral representations and negotiations focused on reducing trade barriers to U.S. agricultural exports and preserving concessions obtained in trade negotiations.
 - b. Providing support to the United States Trade Representative (USTR) in conducting and implementing results of trade negotiations and in managing domestic complaint mechanisms.
 - c. Initiating and supporting work activities on trade and commodity issues that arise in international fora such as GATT, OECD, UNCTAD and FAO so as to facilitate U.S. agricultural exports.
 - d. Administering U.S. agricultural import policies under Section 22 and other domestic legislation in ways which will be consistent with the purposes and requirements of the statutes and will minimize the effects of U.S. import restrictions upon FAS efforts to expand U.S. agricultural exports.
 - e. Supporting the development of new U.S. legislation to facilitate U.S. exports or defend U.S. producers against unfair trade practices and harmful competition.
 - f. Maintaining a Food Safety and Technical Office to help protect U.S. rights under the Standards Code, providing information on Code benefits, and helping citizens to comment on foreign proposals for new standards-related laws.
 - g. Assisting agricultural exporters who need foreign market information as well as those who believe they have been injured by unfair trade practices, and coordinating reports on foreign agricultural export assistance and market opportunities for U.S. agricultural exporters through the Trade Assistance and Planning Office.
 - h. Improving the quality and timeliness of agricultural counselor/attache reporting and exchanging of information between Washington-based analysts and overseas counselors/attaches; and substantially increasing the timeliness of information to the U.S. trade using the Global Economic Data Exchange System.
 - i. Providing American farmers, traders, agribusiness leaders, and policy makers with information on U.S. and foreign trade, economic indicators, and tariff and other restrictions affecting trade.
 - j. Monitoring and reporting on exports of selected U.S. agricultural commodities.

FOREIGN MARKET DEVELOPMENT - Provides funding so that industry groups working in concert with FAS, or FAS working alone, may conduct market development activities. The major objectives and applicable achievements are as follows:

1. Enabling producers and other sectors of the U.S. economy to jointly and systematically develop and expand overseas markets. In 1954, the Foreign Agricultural Service (FAS) was authorized to begin using foreign currencies generated by the Public Law 480 program to finance overseas market promotion activities for U.S. farm commodities. Since that time, FAS has spent about \$591 million to finance the foreign market development program, which has contributed to the increase in U.S. farm exports from \$3.1 billion in fiscal year 1955 to \$42.3 billion in fiscal year 1992. The program is jointly sponsored with nonprofit private trade and producer associations in this country (U.S. cooperators) which have generated approximately \$1.25 billion in contributions to more than match the \$591 million contributed by FAS.

Under the auspices of FAS' long-term Foreign Market Development program, FAS is currently participating with 35 cooperators, four state regional organizations and the National Association of State Departments of Agriculture in sponsoring continuous and long-term projects. FAS also assists supporting 56 permanently staffed cooperator offices overseas which conduct promotion activities in more than 130 foreign markets.

Complementing the long-term Foreign Market Development Program is the Market Promotion Program (MPP) mandated by Section 203 of the Agricultural Trade Act of 1978, as amended. The MPP provides promotional assistance for U.S. agricultural products including those U.S. agricultural products whose exports have been hurt by unfair foreign trade practices. The number of participating trade organizations totals 72, of which 15 program participants are new to joint-industry market development programs overseas. An additional 375 U.S. private firms are also expected to participate in the 1993 MPP program through four regional state organizations as part of a high value export program that promotes processed, brand identified products. During the three years of the MPP, \$548 million has been allocated to partially reimburse the costs of conducting over 5,000 activities worldwide.

2. Conducting trade fairs and food exhibits to enhance the image of U.S. food products overseas by using product displays, point-of-purchase activities to draw consumer attention to quality U.S. food products, sales teams, and providing other assistance designed to link potential buyers with U.S. exporters.
3. FAS has established Agricultural Trade Offices in the major markets of South America, Europe, Africa, Asia and the Middle East to help U.S. exporters compete by supplying up-to-the-minute information on potential customers and promotional opportunities. U.S. exporters or representatives of trade associations, export cooperatives or state departments of agriculture use these trade offices as home bases while overseas. There are currently fifteen Agricultural Trade Offices located in London, England; Hamburg, Germany; Hong Kong; Singapore; Seoul, Korea; Manama, Bahrain; Mexico City, Mexico; Caracas, Venezuela; Beijing and Guangzhou, the People's Republic of China; Tunis, Tunisia; Jeddah, Saudi Arabia; Algiers, Algeria; and Osaka and Tokyo, Japan

REVIEWS COMMENCED DURING FY 1992

GAO Reviews

Code 483631	Trade and Investment Reforms in Chile	Review of foreign standards
Code 150110	Evaluation of Government and Industry Efforts to Develop New Markets for Dairy Products	Review of program effectiveness
Code 483647	Review of Multilateral Trade Negotiations on Agriculture	Review of program administration

Code 472279	Use of Limited Career Extensions (LCE's) in the Foreign Service	Review of agency management
Code 280003	Overall Management of FAS	Review of agency management
Code 472290	Review of U.S. Participation in the United Nations Food and Agriculture Organization (FAO)	Review of program administration
Code 280018	Review of Generalized System of Preferences Program	Review of program effectiveness
Code 150902	Forest Product Competitiveness	Review of trade opportunities
Code 280022	North American Free Trade Agreement: Snapback Tariff and Its Implications	Review of trade opportunities
Code 150614	U.S. vs. Foreign Inspection Standards	Review of program administration
Code 280027	Review of MERCOSUR's Trade and Investment Reforms	Review of trade opportunities

OIG Audits

07020-5-Hy	Survey of Market Promotion Program	Survey of program administration
50600-8-At	World Market Prices for Cotton and Rice	Review of trade opportunities
50099-35-AT	Audit of Departmental Compliance with PL 101-121 (Byrd Amendment)	Review of agency management

REVIEWS COMPLETED DURING FY 1992GAO Reviews

Code 483547	Agricultural Trade: Cooperator Conflict of Interest Regulation Needs Strengthening	Review of program management
Code 483555	Drug Policy and Agriculture: U.S. Trade Impacts of Alternative Crops to Andean Coca	Review of implementation of legislation
Code 468300	Review of U.S. Economic Assistance to El Salvador	Evaluation of program effectiveness
Code 150900	Marketing Timber for Export	Review of U.S. timber marketing
Code 150901	Generic Research and Promotion Orders for the Fruit and Vegetable Industry	Review of program effectiveness

Code 973305	Accuracy of USDA's Forecasts and Estimates of Meat Production, Prices and Inventories	Review of program administration
Code 150019	Evaluation of Wheat Prices	Review of program effectiveness
Code 462605	Review of Staffing and Organi- zation Issues at U.S. Embassies and Consulates in Japan and Korea	Review of agency management and effectiveness
Code 150108	Survey of Government Programs and Industry Efforts to Develop Markets for Dairy Products	Review of trade opportunities
Code 483620	Export Promotion: Federal Programs Lack Organizational and Funding Cohesiveness	Review of program administration
Code 966505	Review of Total Quality Manage- ment in the Federal Government	Review of program management

OIG Audits

50568-445-SF	A-128 Audit Report on the State of Alaska	Program audit
07545-01-Hy	Preaward Audit - LNK Corp.	Review of management practices
50568-471-SF	A-128 Audit Report on the State of Alaska for the Fiscal Year Ended 6/30/90	Program audit
07020-2-Hy	Participant Contributions Under TEA and FMD Programs	Review of program administration
07091-01-Hy	FAS Sugar Re-export Program	Review of program administration
50099-67-HY	Usage of Section 32 Import Duty Funds	Review of program administration
07080-1-Hy	Export Sales Reporting System	Review of program administration
50568-387-SF	Alaska Seafood Marketing Institute TEA Program	Program audit
HY-719-1	DBA Maryland Promotions - Fraud	Program investigation

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$267,000 for Foreign Agricultural Affairs (\$37,513,000 available in FY 1993) consisting of:

(a) An increase of \$1,151,000 for overseas wage and price increases.

Need for Change: This increase will support our existing offices at the current levels. During fiscal year 1993, the results of a review of our world-wide Attache and Counselor configuration were implemented which included the closure of three offices, downsizing of six others and transferring resources to three other offices. To achieve additional economies, overseas office budgets were reduced by 2 percent.

While FAS continues to aggressively pursue a cost reduction strategy, world-wide increases for inflation and higher Foreign Services National wages, as projected by the Department of State, are expected to increase aggregate overseas operating costs by 7 percent.

Nature of Change: Fiscal year 1994 post financial plans will be increased to offset the combined effects of inflation and higher FSN wages which are estimated by the Department of State to total 7 percent.

This increase will allow existing offices to be maintained at current levels.

- (b) An increase of \$343,000 which reflects the annualization of the fiscal year 1993 pay raise and anticipated lump-sum separation payments for accrued annual leave.
- (c) A decrease of \$1,227,000 for administrative efficiency.

Need for Change. To implement the President's Executive Order, to reduce overhead-type outlays from the fiscal year 1993 baseline, by 3 percent in fiscal year 1994, 6 percent in fiscal year 1995, 9 percent in fiscal year 1996 and 14 percent in fiscal year 1997, budget authority in 1994 must be reduced by \$1,227,000.

Nature of Change. In order to achieve this savings, FAS will initiate action to reduce spending, both domestically and overseas, in travel, training, procurement and other administrative areas where the agency has the discretion to reduce spending from current levels.

- (2) An increase of \$355,000 for Foreign Market Information and Access (\$25,554,000 available in fiscal year 1993) consisting of:

- (a) An increase of \$344,000 which reflects the annualization of the fiscal year 1993 pay raise and anticipated lump-sum separation payments for accrued annual leave.
- (b) A decrease of \$236,000 for administrative efficiency.

Need for Change. To implement the President's Executive Order, to reduce overhead-type outlays from the fiscal year 1993 baseline, by 3 percent in fiscal year 1994, 6 percent in fiscal year 1995, 9 percent in fiscal year 1996 and 14 percent in fiscal year 1997, budget authority in 1994 must be reduced by \$236,000.

Nature of Change. In order to achieve this savings, FAS will initiate action to reduce spending, both domestically and overseas, in travel, training, procurement and other administrative areas where the agency has the discretion to reduce spending from current levels.

- (c) A decrease of \$4,000 for FTS 2000 funding. This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.
- (d) An increase of \$251,000 for increased costs of operating the CCC Computer Facility and other ADP costs.
- (3) An decrease of \$9,456,000 for Foreign Market Development (\$54,861,000 available in fiscal year 1993) consisting of:

- (a) An increase of \$497,000 which reflects the annualization of the fiscal year 1993 pay raise and anticipated lump-sum separation payments for accrued annual leave.

(b) An increase of \$493,000 for overseas wage and price increases.

Need for Change: This increase will support existing Agricultural Trade Offices (ATO's) at current levels. During fiscal year 1993, the results of a review of our world-wide ATO configuration were implemented which included downsizing two offices. To achieve additional economies, ATO budgets were reduced by 2 percent.

While FAS continues to aggressively pursue an overseas cost reduction strategy, world-wide increases for inflation and higher Foreign Services National wages, as projected by the Department of State, are expected to increase aggregate overseas operating costs by 7 percent.

Nature of Change: Fiscal year 1994 ATO financial plans will be increased to offset the combined effects inflation and higher FSN wages currently estimated by the Department of State to which will allow existing offices to be maintained at current levels.

(c) A decrease of \$10,000,000 in Cooperator Program funding.

Need for Change: Due to the need to reduce the Federal deficit, the government's historical contribution level to this cost-sharing program must be reduced from 50 percent to 33 percent.

Nature of Change: Federal funds used to support administrative expenses for participants in established markets will be scaled down. Federal support will focus on participant expansion into less developed areas of the world where the greatest market development potential exists.

(d) A decrease of \$446,000 for administrative efficiency.

Need for Change. To implement the President's Executive Order, to reduce overhead-type outlays from the fiscal year 1993 baseline, by 3 percent in fiscal year 1994, 6 percent in fiscal year 1995, 9 percent in fiscal year 1996 and 14 percent in fiscal year 1997, budget authority in 1994 must be reduced by \$446,000.

Nature of Change. In order to achieve this savings, FAS will initiate action to reduce spending, both domestically and overseas, in travel, training, procurement and other administrative areas where the agency has the discretion to reduce spending from current levels.

Foreign Agricultural Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	1992		1993		1994	
	Amount	Staff- Years	Amount	Staff- Years	Amount	Staff- Years
District of Columbia	44,713,164	498	44,701,000	482	45,976,000	490
Overseas	69,581,797	263	73,227,000	263	63,118,000	263
Total Available or Estimate	114,294,961	761	117,928,000	745	109,094,000	753

PASSENGER MOTOR VEHICLE

The 1994 Budget estimates propose the purchase of four replacement passenger motor vehicles. Passenger motor vehicles belonging to FAS are used exclusively by the Agricultural Officers at overseas posts in an official capacity. The officer travels extensively throughout the countries assigned, gathering agricultural data. Embassy motor pool vehicles are not readily available for field use.

Replacement of Passenger Motor Vehicles. Replacement of four passenger motor vehicles is proposed. All vehicles proposed for replacement will meet replacement standards.

Age and mileage data for passenger motor vehicles on hand as of September 30, 1992, are as follows:

<u>Age-Year Model</u>	<u>Age Data</u>		<u>Lifetime Mileage</u> (thousands)	<u>Mileage Data</u>	
	<u>Number of Vehicles</u>	<u>Percent of Total</u>		<u>Number of Vehicles</u>	<u>Percent of Total</u>
1987 or older	11	33.3	80-100	2	6.0
1988	4	12.1	60-79	3	9.1
1989	4	12.1	40-59	3	9.1
1990	9	27.3	20-39	12	36.4
1991	3	9.3	Under 20	<u>13</u>	<u>39.4</u>
1992	<u>2</u>	<u>6.1</u>	Total	33	100.0
Total	33	100.0			

GENERAL SALES MANAGER

Available Funds, 1993
 Budget Estimate, 1994
 Increase in Available Funds

\$8,866,000
 9,240,000
+374,000

SUMMARY OF INCREASES AND DECREASES
 (On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
General Sales Manager	\$8,866,000	+ 198,000	0	\$9,064,000

PROJECT STATEMENT

(On basis of appropriation)
 (Dollars in Thousands)

Project	1992 Estimated		1993 Estimated		Increase or Decrease	1994 Estimated	
	Amount	Staff- Years	Amount	Staff- Years		Amount	Staff- Years
General Sales Manager:							
Transfer from CCC	\$5,098,000	70	\$4,668,000	70	-\$4,668,000	-0-	70
Direct Apprpriation	-0-		-0-		+4,772,000	\$4,772,000	
Credit Reform Funds							
from Other Accounts:							
CCC Export Loans							
Program Account	2,731,000	51	2,731,000	51	+61,000	2,792,000	51
P.L. 480 Program							
Account	1,242,000	24	1,467,000	24	+33,000	1,500,000	24
Total, OGSM	9,071,000	145	8,866,000	145	+198,000 (1)	9,064,000	145

EXPLANATION OF PROGRAM

GENERAL SALES MANAGER - Established pursuant to Section 5(f) of the Charter Act of the Commodity Credit Corporation and 15 U.S.C. 714-714p. The funds allocated are used for conducting the following programs:

- (1) CCC Export Credit Guarantee Program (GSM-102), (2) Intermediate Credit Guarantee Program (GSM-103), (3) Export Enhancement Program, (4) Market Promotion Program, (5) Public Law 480, (6) Section 416(b) Overseas Donations, (7) Food for Progress, (8) Dairy Export Incentive Program, (9) Sunflowerseed Oil Assistance Program, (10) Cottonseed Oil Assistance Program, and (11) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of CCC-owned commodities, export payments and other programs as assigned to encourage or cause the export of U.S. agricultural commodities.

REVIEWS COMMENCED DURING FY 1992GAO Reviews

Code 483618	Assessment of U.S. Guaranteed Agricultural Exports to the Soviet Union	Review of program administration
Code 472277	U.S. Economic and Military Assistance to Kenya	Review of program administration
Code 150903	Review of the Effect of Including More High Value Products in the Export Promotion Programs	Review of program administration
Code 280012	Foreign and Multinational Firms Receiving Federal Funds for Agricultural Export Promotion Programs	Review of program administration
Code 280007	Impact of PL 480 Title I Assistance on Agricultural Development and Agricultural Trade Development	Review of program effectiveness
Code 472288	Review of Emergency and Private Voluntary Organization Food Programs Under PL 480 Title II	Review of program effectiveness
Code 472289	Review of Emergency and Private Voluntary Organization Food Programs Under PL 480 Title III	Review of program effectiveness
Code 472285	Survey of Assistance to the Republics of the Commonwealth of Independent States (CIS)	Survey of program administration
Code 483637	Review of the Requests for U.S. Food Exports to the Commonwealth of Independent States (CIS)	Review of program effectiveness
Code 280025	Study of CCC's Export Loan Guarantee Programs	Review of program administration

Code 150036	Review of USDA's Rice Program Policies	Review of program policies
Code 280036	1990 Farm Bill Requirements on USDA Export Programs	Review of program administration
07099-30-Hy	J. Aron & Co. Export Operations Under FAS Programs	Review of program administration
50099-77-Hy	Foreign Debt Management	Review of program administration
03600-11-Fm	Audit of CCC FY 92 Financial Statements	Review of program administration
07020-6-Hy	Survey of PL 480 Title I Shipping Agents	Survey of program administration

REVIEWS COMPLETED DURING FY 1992

GAO Reviews

Code 43541	Review of Wood Exports Under GSM 102/103 and PL 480 Programs	Review of program administration
Code 483565	LOAN GUARANTEES: Export Credit Guarantee Programs' Long-Run Costs are High	Review of program administration
Code 472215	U.S. Economic Assistance to Eastern Europe	Review of program administration
Code 483580	Canada and Australia Rely Heavily on Wheat Boards to Market Grain	Review of international response to EEP
Code 472239	Eastern Europe Donor Assistance Coordination	Survey of program administration
Code 344472	Survey of Maritime Assessments	Survey of program administration
Code 150040	Interim Review of 1995 Farm Bill	Forward planning

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$198,000 for the Office of the General Sales Manager (\$8,866,000 available in fiscal year 1993) consisting of:
- (a) An increase of \$198,000 which reflects the annualization of the fiscal years 1993 pay raise and anticipated lump-sum separation payments for accrued annual leave.
 - (b) An increase of \$17,000 which reflects 2.7 percent increase in non-salary costs.
 - (c) A decrease of \$17,000 for administrative efficiency.

Need for Change. To implement the President's Executive Order, to reduce overhead-type outlays from the fiscal year 1993 baseline, by 3 percent in fiscal year 1994, 6 percent in fiscal year 1995, 9 percent in fiscal year

1996 and 14 percent in fiscal year 1997, budget authority in 1994 must be reduced by \$17,000.

Nature of Change. In order to achieve this savings, FAS will initiate action to reduce spending, both domestically and overseas, in travel, training, procurement and other administrative areas where the agency has the discretion to reduce spending from current levels.

General Sales Manager
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	1992		1993		1994	
	Amount	Staff-Years	Amount	Staff-Years	Amount	Staff-Years
District of Columbia	9,071,000	145	8,866,000	145	9,064,000	145
Total Available or Estimate	9,071,000	145	8,866,000	145	9,064,000	145

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Purpose Statement

The Office Of International Cooperation and Development (OICD) was established by Secretary's Memorandum No. 1947 of May 1, 1978. OICD was given responsibility for technical assistance, international training and development programs, management of international organizational affairs, and scientific exchanges. OICD's functions were expanded by Secretary's Memorandum No. 1988, of October 26, 1979, which delegated to the Agency authority for international cooperative research. In August 1986, OICD was provided authority to disseminate information to the U.S. private sector on foreign market and investment opportunities.

OICD's mission is to help the total U.S. Department of Agriculture, other Federal agencies, and associated institutions, industries, and organizations with global responsibilities to serve worldwide human needs by strengthening food and agricultural systems in developing countries and, at the same time, strengthen U.S. agriculture's international competitiveness and leadership through collaborative programs.

OICD's program objectives are:

- 1) To establish systems that allow U.S. agriculture's continuing access to technology and genetic material worldwide;
- 2) To establish systems that encourage U.S. agriculture scientists and institutions to be involved in global programs that are on the cutting edge of technology and of economic and policy debate;
- 3) To mobilize expertise to help other countries move toward strong market and trade-oriented economies, via development efforts in food and agricultural systems that increase incomes among the poor majority, expand the availability and consumption of food, and maintain or enhance the natural resource base;
- 4) To serve the interests of U.S. agriculture and citizenry through international organizations related to food and agriculture;
- 5) To link with and support the private sector and other public and private institutions in those responsibilities where they can best play the major role; and
- 6) To help other Federal agencies carry out their global missions by tapping USDA and other institutional expertise and resources.

As of September 30, 1992, there were 128 permanent full-time employees (126 in headquarters and 2 on resident assignments overseas) and 73 other employees (69 in headquarters and 4 on resident assignments overseas.)

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Available Funds and Staff-Years

1992 Actual and Estimated, 1993 and 1994

	: 1992	:	: 1993	:	: 1994	:
	: Actual	:	: Estimated	:	: Estimated	:
	: Amount	: Staff:	: Amount	: Staff:	: Amount	: Staff:
		: Years:		: Years:		: Years:
Salaries and Expenses.....	\$7,247,000	: 67	\$7,247,000	: 67	\$7,343,000	: 67
Obligations under other		:		:		:
USDA appropriations:		:		:		:
FAS, ERS, ES, and AMS		:		:		:
for technical assistance:		:		:		:
and training in Eastern		:		:		:
Europe and the former		:		:		:
Soviet Union.....	806,942	: 3	2,000,000	: 4	2,000,000	: 4
SCS for Scientific &		:		:		:
Technical Exchanges.....	96,067	: --	100,000	: --	100,000	: --
ARS for Admin. of		:		:		:
Internat'l Research.....	862,482	: --	900,000	: --	900,000	: --
Total, Agriculture		:		:		:
Appropriations.....	9,012,491	: 70	10,247,000	: 71	10,343,000	: 71
Other Federal Funds:		:		:		:
U.S.A.I.D. and others for:		:		:		:
development assistance...	24,512,631	: 116	29,500,000	: 127	29,500,000	: 127
Non-Federal Funds:		:		:		:
Contributions for USDA		:		:		:
development assistance,		:		:		:
from Spain, Saudi Arabia,		:		:		:
international organiza-		:		:		:
tions, and universities..	5,275,666	: 10	6,000,000	: 10	5,946,000	: 10
Total, Office of		:		:		:
International Cooperation:		:		:		:
and Development.....	38,800,788	: 196	45,747,000	: 208	45,789,000	: 208

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

Permanent Positions by Grade and Staff-Year Summary

1992 and Estimated 1993 and 1994

	1992			1993			1994		
Grade	Head- quarters	Field	Total	Head- quarters	Field	Total	Head- quarters	Field	Total
ES-6	1	1	2	1		1	1		1
ES-5									
ES-3									
ES-2									
ES-1	1		1	1		1	1		1
GS/GM-15	12		12	12		12	12		12
GS/GM-14	20		20	20		20	20		20
GS/GM-13	27		27	27		27	27		27
GS-12	13		13	13		13	13		13
GS-11	11		11	11		11	11		11
GS-10	0		0	0		0	0		0
GS-9	15		15	15		15	15		15
GS-8	3		3	3		3	3		3
GS-7	19		19	19		19	19		19
GS-6	4		4	4		4	4		4
GS-5	4		4	4		4	4		4
Other Graded Positions.....	0	1	1	0	2	2	0	2	2
Total Permanent: Positions.....	130	2	132	130	2	132	130	2	132
Unfilled Posi- tions, EOY.....	-2	--	-2	--	--	--	--	--	--
Total Permanent: Employment, end-of-year.....	128	2	130	130	2	132	130	2	132
Staff Years.....	188	8	196	198	10	208	198	10	208

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

CLASSIFICATION BY OBJECTS

1992 and Estimated 1993 and 1994

	1992	1993	1994
	----	----	----
Personnel Compensation:			
Headquarters.....	\$ 2,920,761	\$ 2,878,058	\$ 2,965,432
Field.....	47,278	7,151	0
	-----	-----	-----
11 Total personnel compensation.....	2,968,039	2,885,209	2,965,432
12 Personnel benefits....	536,384	567,420	583,196
Total pers. comp. & benefits.....	-----	-----	-----
	3,504,423	3,452,629	3,548,628
Other Objects:			
21 Travel.....	445,833	463,461	463,461
22 Transportation of things.....	18,220	24,755	24,755
23.3 Communications, utilities, and misc. charges.....	233,215	186,180	186,180
24 Printing and reproduction.....	56,485	50,551	50,551
25 Other services.....	2,145,652	2,183,066	2,183,066
26 Supplies and materials.....	82,284	68,543	68,543
31 Equipment.....	135,110	105,316	105,316
41 Grants.....	625,778	712,500	712,500
	-----	-----	-----
Total other objects...	3,742,577	3,794,371	3,794,372
	-----	-----	-----
Total direct obligations.....	7,247,000	7,247,000	7,343,000
	=====	=====	=====
Position Data:			
Average Salary, ES positions.....	\$112,100	\$103,250	\$103,250
Average Salary, GM/GS positions.....	\$32,423	\$33,623	\$33,623
Average Grade, GM/GS positions.....	11.1	11.1	11.1

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (new language underscored; deleted language enclosed in brackets).

Salaries and Expenses:

For necessary expenses of the Office of International Cooperation and Development to coordinate, plan, and direct activities involving international development, technical assistance and training, and international scientific and technical cooperation in the Department of Agriculture, including those authorized by the Food and Agriculture Act of 1977 (7 U.S.C. 3291), [\$7,247,000] \$7,343,000: Provided, That not to exceed \$3,000 of this amount shall be available for official reception and representation expenses as authorized by 7 U.S.C. 1766: Provided further, That in addition, funds available to the Department of Agriculture shall be available to assist an international organization in meeting the costs, including salaries, fringe benefits and other associated costs, related to the employment by the organization of Federal personnel that may transfer to the organization under the provisions of 5 U.S.C. 3581-3584, or of other well-qualified United States citizens, for the performance of activities that contribute to increased understanding of international agricultural issues, with transfer of funds for this purpose from one appropriation to another or to a single account authorized, such funds remaining available until expended: Provided further, That the Office may utilize advances of funds, or reimburse this appropriation for expenditures made on behalf of Federal agencies, public and private organizations and institutions under agreements executed pursuant to the agricultural food production assistance programs (7 U.S.C. 1736) and the foreign assistance programs of the International Development Cooperation Administration (22 U.S.C. 2392).

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

SALARIES AND EXPENSES

Appropriations Act, 1993.....	\$7,247,000
Budget Estimate, 1994.....	<u>7,343,000</u>
Increase in Appropriation.....	<u>96,000</u>

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SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1993 Estimated -----	Pay Costs -----	Other Changes -----	1994 Estimated -----
Scientific Exchanges.....	\$1,939,000	\$28,000	--	\$1,967,000
Administration of International Research...	1,545,000	33,000	--	1,578,000
USDA Liaison with Inter- national Organizations...	896,000	16,000	--	912,000
Targeted Development.....	480,000	3,000	--	483,000
Cochran Fellowship Program.....	1,824,000	6,000	--	1,830,000
Operation FAST.....	563,000	10,000	--	573,000
	-----	-----	-----	-----
Total Available.....	7,247,000	96,000	--	7,343,000
	=====	=====	=====	=====

PROJECT STATEMENT

(On basis of appropriation)

Project	1992 Actual		1993 Estimated		1994 Estimated		Increase:
	Amount	Staff: Years	Amount	Staff: Years	Amount	Staff: Years	
1. International							
Scientific and							
Technical Cooperation:							
a. Scientific							
Exchanges.....	\$1,939,000	20	\$1,939,000	20	\$28,000	\$1,967,000	20
b. Administration							
of International							
Research.....	1,545,000	23	1,545,000	23	33,000	1,578,000	23
c. Liaison with Interna:							
tional Organizations:	896,000	11	896,000	11	16,000	912,000	11
Total, International							
Scientific and							
Technical Cooperation...	4,380,000	54	4,380,000	54	77,000	4,457,000	54
					(1)		
2. International Agricul-							
tural Development:							
a. Targeted							
Development.....	480,000	2	480,000	2	3,000	483,000	2
b. Cochran Fellowship							
Program.....	1,824,000	4	1,824,000	4	6,000	1,830,000	4
Total, International							
Agricultural Development..	2,304,000	6	2,304,000	6	9,000	2,313,000	6
					(2)		
3. Financial and Admin-							
istrative Systems							
Tracking (FAST)	563,000	7	563,000	7	10,000	573,000	7
					(3)		
Total Appropriation.....	7,247,000	67	7,247,000	67	96,000	7,343,000	67

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EXPLANATION OF PROGRAM

The appropriation for the Office of International Cooperation and Development is used to develop, implement, and evaluate USDA's policies and programs for agricultural cooperation and development throughout the world.

International Scientific and Technical Cooperation

Scientific Exchanges. USDA maintains scientific and technical exchange programs with foreign governments and research institutions, as authorized by Section 1436 of the Agriculture and Food Act of 1981. These activities include the exchange of agricultural data and the collection of exotic germplasm and biological materials which have the potential to improve U.S. crops, forestry, and livestock. These exchanges also strengthen the role of science and technology in the efforts to stabilize world food supplies and to use world resources more efficiently. Costs are shared by OICD and participating entities.

International Research. OICD manages the Department's international research activities in cooperation with various USDA agencies, U.S. agricultural institutions, and foreign research institutions. These collaborative research efforts yield information valuable for the protection of U.S. agriculture from foreign pests and diseases, for increasing domestic productivity, and for reducing the threat of hunger and malnutrition overseas.

Research is undertaken through a variety of binational agreements and funding mechanisms, including the United States' treaty with Spain and the U.S.-Israel Binational Agriculture Research and Development Fund. Under Section 1436 of the Agriculture and Food Act of 1981, OICD fosters participation of U.S. land-grant colleges in research abroad.

International Organizations. OICD coordinates USDA's and the U.S. Government's participation in approximately 30 international organizations concerned with food, agriculture, and rural development. OICD represents USDA in the organizations' planning, advances U.S. interests, protects U.S. agriculture, and organizes U.S. delegations to international agricultural conferences.

International Agricultural Development

Targeted Development. The major purpose of these programs is to help increase global consumption of nutritious food, thereby serving both a humanitarian role in target countries and a long-term market expansion role. OICD's activities include review of P.L. 480 food aid proposals, and technical assistance in support of the development of private sector food industries in developing countries and emerging democracies. The agency's Agricultural Information Center serves as a central point of contact for inquiries from the private sector and developing countries on trade and investment opportunities in the Caribbean region.

Cochran Fellowship Program. OICD manages this program for the training of mid- and upper-level managers from emerging democracies and countries which no longer qualify for U.S. foreign economic assistance programs. OICD's program aims to establish and maintain contacts with officials in these countries and to nurture opportunities for trade with the United States.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$77,000 for International Scientific and Technical Cooperation (\$4,380,000 available in FY 1993) consisting of:

- (a) An increase of \$55,800 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program.

- (b) An increase of \$77,000 which reflects the annualization of the fiscal year 1993 pay raise.

- (c) A decrease of \$55,200 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997.

Nature of Change. In order to achieve these savings, OICD will carefully monitor travel, training, supply purchases, printing and reproduction costs and utility usage.

- (d) A decrease of \$600 for FTS funding. This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

- (2) A net increase of \$9,000 for International Agricultural Development (\$2,304,000 available in FY 1993) consisting of:

- (a) An increase of \$27,900 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program.

- (b) An increase of \$9,000 which reflects the annualization of the fiscal year 1993 pay raise.

- (c) A decrease of \$27,600 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997.

Nature of Change. In order to achieve these savings, OICD will carefully monitor travel, training, supply purchases, printing and reproduction costs and utility usage.

- (d) A decrease of \$300 for FTS 2000 funding. This decrease reflects lower long distance telecommunications prices redetermination in the FTS 2000 contracts.
- (3) A net increase of \$10,000 for Operation FAST (\$563,000 available in FY 1993) consisting of:

- (a) An increase of \$9,300 which reflects a 2.7 percent increase in non-salary costs.

Need for Change. These funds are necessary to offset increased operating costs. Continued absorption of these increased operating costs will severely affect the quality and quantity of our programs.

Nature of Change. This increase will be used to maintain a current level of services associated with inflation which will affect the critical parts of the program.

- (b) An increase of \$10,000 which reflects the annualization of the fiscal year 1993 pay raise.
- (c) A decrease of \$9,200 which reflects a 3 percent reduction in administrative expenses from the amount made available for fiscal year 1993 adjusted for inflation.

Need for Change. To promote the efficient use of resources for administrative purposes, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996 and 14 percent in FY 1997.

Nature of Change. In order to achieve these savings, OICD will carefully monitor travel, training, supply purchases, printing and reproduction costs and utility usage.

- (d) A decrease of \$100 for FTS 2000 funding. This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF YEARS
1992 and Estimated 1993 and 1994

1992		1993 Estimated		1994 Estimated	
Amount	Staff Years	Amount	Staff Years	Amount	Staff Years

District of Columbia....	\$7,247,000	67	\$7,247,000	67	\$7,343,000	67
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OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

The estimates include appropriation language for this item as follows (deleted language enclosed in brackets).

[Scientific Activities Overseas (Foreign Currency Program)]

[For payments in foreign currencies owed to or owned by the United States for research activities authorized by section 104(c)(7) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(c)(7)), not to exceed \$1,062,000: Provided, That not to exceed \$25,000 of these funds shall be available for payments in foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.]

This change deletes the language providing for the continuation of this program, with an obligation limitation, since the 1994 budget proposes no new funding for the program. Research projects already underway will continue until completed.

EXPLANATION OF PROGRAM

Authorized by P.L. 480 as amended, USDA uses foreign currencies to support research on problems of mutual interest to the United States and participating foreign countries.

Research is conducted abroad through grants negotiated with foreign institutions. Project selection is based on relevance to U.S. agricultural concerns: for example, preventing the incursion of animal diseases or insect pests into American agriculture; or developing plants that are more productive, drought tolerant, or disease resistant. The research also develops markets for American agricultural products and equipment, adds to our knowledge of the environment and cuts the costs of valuable research.

OICD represents USDA in this activity, with funds allotted as intergovernmental fund transfers when grant awards are obligated for research in foreign countries.

No foreign currencies were made available under the provisions of 7 U.S.C. 1704(c)(7), as amended, in 1993, and none are to be made available in 1994. Projects which began in 1991 and earlier will continue until completed.

HUMAN NUTRITION INFORMATION SERVICE

PURPOSE STATEMENT

The Human Nutrition Information Service (HNIS) was established by the Secretary on October 1, 1981. The functions of this agency were formerly carried out within the Agricultural Research Service.

The Department of Agriculture promotes the health and well-being of Americans through improved nutrition. The Human Nutrition Information Service contributes to this mission through the conduct of national food consumption surveys, food composition research, and nutrition education programs. The Agency plays a primary role in the National Nutrition Monitoring and Related Research Program and in the development and promotion of the Dietary Guidelines for Americans.

HNIS serves the American public by conducting applied research in food and nutrition--what foods we consume and what nutrients are in those foods and how to make informed food choices.

The research and information produced by HNIS provides scientists, educators, policymakers, regulators, and health care professionals with the information needed to formulate strategies for:

- * food assistance and nutrition intervention programs;
- * national nutrition monitoring;
- * food safety;
- * development of nutrition information and education programs;
- * research in nutrition and health; and
- * food formulation, production, and marketing.

The Agency is located at Hyattsville, Maryland. As of September 30, 1992, there were 102 full-time permanent and 13 part-time permanent employees. A portion of the Agency's work is done via competitive contracts. These contracts are used for work that requires extensive human resources located throughout the country such as providing interviewers for nationwide surveys, or that requires specific technical expertise and equipment such as laboratory analyses of the nutrient composition of specific foods. Much of this work requires specialized technical skills that would be impractical for the agency to retain among its employees on a year-round basis.

HUMAN NUTRITION INFORMATION SERVICE

Available Funds and Staff-Years

1992 Actual and Estimated, 1993 and 1994

Item	:	:	:	:	:	:
	:	1992	:	1993	:	1994
	:	Actual	:	Estimated	:	Estimated

Item	:	Amount	:	Staff- Years	:	Staff- Years
	:	Amount	:	Staff- Years	:	Amount

Salaries and Expenses	:	\$10,788,000	:	103	:	\$10,788,000
Department of Health	:	:	:	:	:	110
and Human Services	:	75,000	:	75,000	:	\$13,142,000 ^{a/}
	:		:		:	110

Total, Human Nutrition:	:	:	:	:	:	:
Information Service	:	10,863,000	:	103	:	\$10,863,000
	:		:		:	110
	:		:		:	13,217,000
	:		:		:	110
=====						

^{a/}In FY 1993, \$2.25 million in appropriated funds will lapse and be reappropriated for FY 1994 to be used for the Continuing Survey of Food Intakes by Individuals (CSFII), the purpose for which the funds were originally appropriated.

HUMAN NUTRITION INFORMATION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1992 and Estimated 1993 and 1994

Grade	:	1992	:	1993	:	1994	:
	:	Headquarters	:	Headquarters	:	Headquarters	:
SES 1	:	1	:	1	:	1	:
SES 2	:	1	:	1	:	1	:
GS/GM-15	:	4	:	4	:	4	:
GS/GM-14	:	8	:	8	:	8	:
GS/GM-13	:	22	:	22	:	22	:
GS-12	:	15	:	15	:	15	:
GS-11	:	23	:	23	:	23	:
GS-10	:	1	:	1	:	1	:
GS-9	:	9	:	11	:	11	:
GS-7	:	13	:	13	:	13	:
GS-6	:	3	:	3	:	3	:
GS-5	:	7	:	7	:	7	:
GS-4	:	5	:	5	:	5	:
GS-3	:	0	:	1	:	1	:
Total Permanent Positions.....	:	112	:	115	:	115	:
Unfilled Positions end-of year	:	-14	:	-13	:	-13	:
Total, Permanent Employment, end-of-year	:	98	:	102	:	102	:
Staff-Years	:	103	:	110	:	110	:

HUMAN NUTRITION INFORMATION SERVICE

CLASSIFICATION BY OBJECTS

 1992 and Estimated 1993 and 1994

	1992 ----	1993 ----	1994 ----
Personnel Compensation:			
Headquarters:			
11 Total personnel compensation.....	\$ 4,159,879	\$ 4,967,000	\$ 5,072,000
12 Personnel benefits.....	770,617	814,000	830,000
13 Benefits for former personnel.....	4,015	---	---
	-----	-----	-----
Total pers. comp. & benefits	4,934,511	5,781,000	5,902,000
Other Objects:			
21 Travel.....	75,892	60,000	60,000
22 Transportation of things.....	21,871	10,000	10,000
23.2 Rental payments to others.....	---	---	---
23.3 Communications, utilities, and misc. charges.....	153,098	107,000	107,000
24 Printing and reproduction.....	201,761	195,000	195,000
25.1 Consulting	1,133,429	750,000	6,450,000
25.2 Other services	3,151,485	1,417,000	233,000
26 Supplies and materials..	113,361	85,000	85,000
31 Equipment.....	917,490	133,000	100,000
	-----	-----	-----
Total other objects.....	5,768,387	2,757,000	7,240,000
	-----	-----	-----
Total direct obligations.....	10,702,898	8,538,000	13,142,000
	-----	-----	-----
Position Data:			

Average Salary, ES positions.....	\$92,200	\$95,150	\$95,150
Average Salary, GM/GS positions..	\$41,411	\$42,272	\$42,554
Average Grade, GM/GS positions...	10.13	10.19	10.19

HUMAN NUTRITION INFORMATION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Salaries and Expenses:

For necessary expenses to enable the Human Nutrition Information Service to perform applied research and demonstrations relating to human nutrition and consumer use and economics of food utilization, and nutrition monitoring, [~~\$10,788,000~~] \$10,892,000: Provided, That funds made available by P.L. 102-341 under this head shall remain available for obligation from October 1, 1993, through September 30, 1994, only for the purpose of expenses necessary to conduct the Continuing Survey of Food Intakes by Individuals: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

HUMAN NUTRITION INFORMATION SERVICE

Appropriations Act, 1993.....	\$10,788,000
Budget Allowance, 1994.....	13,142,000
Increase in Appropriation.....	+2,354,000
	=====

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

Item of Change	1993 Estimated	Pay Cost	Other Changes	1994 Estimated
Human Nutrition Information Service	\$10,788,000	+\$121,000	-\$ 17,000	\$10,892,000
Reappropriation	=====	=====	+2,250,000	+2,250,000
			2,233,000	13,142,000
			=====	=====

In FY 1993, \$2.25 million in appropriated funds will lapse and be reappropriated for FY 1994 to be used for the Continuing Survey of Food Intakes by Individuals (CSFII), the purpose for which the funds were originally appropriated.

PROJECT STATEMENT

(On basis of appropriation)

Project	: Amount	:Staff: Years	:Staff: Amount	:Staff: Years	: Increase	: Amount	:Staff: Years
Research, Analysis & Technical Assistance.....	\$10,702,898	103	\$ 8,538,000	110	+4,604,000	\$13,142,000	110
Unobligated Balance.....	85,102	---	2,250,000	---	-2,250,000	---	---
Total, Appropriation..	10,788,000	103	10,788,000	110	+2,354,000	13,142,000	110

EXPLANATION OF PROGRAM

Overview of Program Development. General authority for nutrition research and education comes from the mission mandated by Congress when the Department was established in 1862. The Organic Act of 1862 called for an institution, the "general design and duties of which shall be to acquire and diffuse among the people of the United States useful information on subjects connected to agriculture and rural development." Nutrition was subsequently specified as one such subject.

Early studies on food and nutrition were begun at the end of the last century by Dr. W.O. Atwater, the first director of USDA's Office of Experiment Stations. These small scale studies were aimed at helping the working class achieve good diets at low cost. The first food consumption survey of national scope was the "Consumer Purchase Study of 1936-37" conducted jointly by USDA and the U.S. Department of Labor. This study indicated that one-third of the nation's families

had diets rated poor by nutrition standards. These findings added impetus to efforts to enrich flour and bread with iron and three B vitamins and to initiate school lunch programs and more vigorous nutrition education efforts.

The types of food eaten and the dietary status of the population have been measured subsequently through the decennial Nationwide Food Consumption Surveys (NFCS). The last NFCS was conducted in 1987-88. The results of these studies reflect changes over the years in the distribution and storage (refrigeration) of products, in the availability of convenience foods (mixes and ready-made products), in technology (more commercially frozen foods and new packaging), and in incomes and lifestyles (more working women). Having available up-to-date food consumption data is essential to understanding both the dietary status of the population and the safety of the food supply. In addition to the NFCS, the annual Continuing Survey of Food Intakes by Individuals (CSFII) updates NFCS findings and focuses on population groups at nutritional risk.

The Research and Marketing Act of 1946 explicitly authorized research into problems of human nutrition and of the nutritive value of agriculture commodities. The role of USDA in conducting research in the fields of human nutrition, food consumption patterns, nutritive value of foods, and nutrition education activities was affirmed in the Food and Agriculture Act of 1977. Title XIV of this Act, "The National Agricultural Research, Extension, and Teaching Policy Act of 1977," established USDA as the lead agency in the Federal Government for research, extension, and teaching in the food and agricultural sciences. Further, it directed that research into food and human nutrition be established as a separate and distinct mission of the Department. With this legislation, Congress supported USDA's traditional emphasis on the nutritional needs of normal, healthy individuals rather than the needs of individuals requiring clinical or therapeutic dietary support. This mission was reaffirmed in the Agriculture and Food Act of 1981 and the Food Security Act of 1985.

The National Nutrition Monitoring and Related Research Act of 1990 directed better coordination of nutrition monitoring government-wide and an expansion of activities in food consumption assessment, food composition research, and dietary guidance in order to strengthen national nutrition monitoring and foster nutrition education.

HNIS has been specified for leadership in providing the policy basis for Federal dietary guidance to the public for several years in conference reports accompanying the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bills.

HNIS was established on October 1, 1981, by the Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 1 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. Currently the agency conducts the activities authorized under "Research Analysis and Technical Assistance" in sections 1451-1453 and 1589 of Public Law 99-198 (7 U.S.C. 3173 note and 3178a).

Agency Objectives. It is USDA policy to "promote optimal human health and well-being through improved nutrition" (Departmental Regulation 1020-4). HNIS implements this policy through three activities, including:

- 1) Nutrition Monitoring. Through the National Nutrition Monitoring and Related Research Program (NNMRRP), USDA proposes to strengthen nutrition monitoring by increasing efforts to measure the food and nutrition behavior of the general population and specific population subgroups, in order to better understand and target problem areas in food assistance, nutrition education, and food safety. HNIS's budget proposal for nutrition monitoring is \$9.6 million for FY 1994, an increase of \$4.6 million from FY 1993.

- 2) Food Consumption Research

The Continuing Survey of Food Intakes by Individuals (CSFII) 1994-1996 will

be the third in a series of CSFII's conducted since 1985. A telephone follow-up survey, the Diet and Health Knowledge Survey (DHKS), initiated in CSFII 1989-1991 also will be conducted. The survey's target population consists of noninstitutionalized individuals in the 50 States and Washington, D.C. Approximately 45 percent of the sample will consist of individuals from low-income households. The number of CSFII respondents is expected to be between 15,000 and 16,500 over 3 years. The number of DHKS respondents is expected to be between 4,000 and 5,500 over 3 years.

CSFII 1994-1996 is designed to obtain 2 independent days of food intake data from designated individuals in the household in addition to sociodemographic, and diet and health-related questions. Data are used by policy-makers in formulating goals and policies for food and nutrition intervention programs. To improve the ability of these surveys to address the varied needs of Federal users, HNIS also created a Continuing Survey Users Group with representatives from several agencies that are major users of food consumption data. HNIS's budget proposal for Food Consumption Research remains at \$1.8 million, unchanged from FY 1993.

3) Nutrition Education.

HNIS will continue its program in nutrition education designed to:

- o Help establish the standards for a healthful diet through activities such as the review of the Dietary Guidelines for Americans and updating of the Food Guide;
- o Assess how well Americans are currently following dietary recommendations and assess the factors that influence their dietary status. This is done through analysis of data from the National Nutrition Monitoring and Related Research Program as well as other sources and includes the development and testing of analytical methods; and
- o Develop and test materials/strategies that help consumers improve their diet. This includes conducting research on recipe development, basic communication and education research as well as the promotion and evaluation of educational materials and strategies. HNIS budget proposal for Nutrition Education for FY 1994 remains at \$1.7 million, unchanged from FY 1993.

Program Level (Dollars in Millions)

Program	1992 Actual	1993 Estimated	1994 Estimated
NUTRITION EDUCATION:			
Food Safety Activities	.3	.5	.5
Dietary Guidance and Education Programs	<u>1.3</u> 1.6	<u>1.2</u> 1.7	<u>1.2</u> 1.7
NUTRITION MONITORING	7.0	7.2	7.4
Reappropriation		<u>-2.2</u> 5.0	<u>+2.2</u> 9.6
NUTRITION RESEARCH	<u>2.0</u> <u>10.6</u>	<u>1.8</u> <u>8.5</u>	<u>1.8</u> <u>13.1</u>

JUSTIFICATION OF INCREASES AND DECREASES

An increase of \$2,354,000, consisting of:

- (1) A decrease of \$17,000 for administrative efficiency

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in FY 1994, 6 percent in FY 1995, 9 percent in FY 1996, and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, HNIS will closely monitor expenses, limit travel, training and other overhead to achieve required administrative efficiency.

- (2) An increase of \$121,000 which reflects the annualization of the fiscal year 1993 pay raise.

- (3) Reappropriation of \$2,250,000 in unobligated FY 1993 funds for FY 1994.

Need for Change. To extend the availability of 1993 appropriations for FY 1994 to make funds available for the CSFII.

Nature of Change. Background: CSFII 1994-96 is a major component of the National Nutrition Monitoring and Related Research Program (NNMRRP). The NNMRRP was established as a national priority following passage of the National Nutrition Monitoring and Related Research Act of 1990 (P.L. 101-445). The CSFII is responsive to NNMRRP requirements for the continuous collection, processing, and analysis of dietary status data. Original FY 1993 plans were to obligate funds for a year of survey development, including a pilot study of all survey operations, and the first year of nationwide data collection. This contract included an expanded survey development/testing and quality control period to meet GAO recommendations for improvement. After the Request for Contract had been released, the Office of the Inspector General, interpreting the Comptroller General's Decision B-241415, imposed a severable service requirement on CSFII 1994-96. As a result, funds for the data collection beginning in 1994 cannot be obligated in FY 1993 as planned. Reappropriation would make these funds available in FY 1994.

Human Nutrition Information Service
GEOGRAPHIC BREAKDOWN OF OBLIGATIONS AND STAFF-YEARS
1992 and Estimated 1993 and 1994

	1992		1993		1994	
Staff	Staff Amount	Years	Staff Amount	Years	Amount	Years
Maryland.....	\$10,702,898	103	\$ 8,538,000	110	\$13,142,000	110
Unobligated balance.....	85,102	--	+2,250,000	--	--	--
Total, Available or Estimate	10,788,000	103	10,788,000	110	13,142,000	110

=====

FOOD AND NUTRITION SERVICE

Purpose Statement

The Food and Nutrition Service (FNS) was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and which encourage better eating patterns among the nation's children. The programs are:

Food Stamp Program. Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The program is a Federal-State partnership with the Federal Government paying the full cost of food stamps. The Federal Government also funds over half of the expenses incurred by the States to administer the program, including recipient household certification, food coupon issuance and employment and training activities for recipients. Funds for this program are provided by direct appropriation.

Nutrition Assistance for Puerto Rico. This program provides grant funds to the Commonwealth of Puerto Rico to operate a food assistance program specifically tailored to the needs of its low-income citizens provided that the program assures assistance for the most needy persons in the jurisdiction. Puerto Rico has established eligibility standards and administrative mechanisms approved by FNS to assist low-income households with cash grants, rather than food stamps or coupons. This assistance is intended to supplement recipients' income to help them purchase food for an adequate diet. A small portion of the grant is also used to stimulate local food production and distribution activities through a Tick Eradication Program. Another small portion is used to fund a Special Wage Incentive Program for Nutrition Assistance Program recipients. Funds for this program are provided by direct appropriation.

Child Nutrition Programs. The purpose of the Child Nutrition Programs -- the National School Lunch, School Breakfast, Summer Food Service and Child and Adult Care Food Programs -- is to assist State and local governments in providing food services for children in public and nonprofit private schools, child care institutions, certain adult day care centers, and summer recreation programs. FNS provides the States with cash and additional commodities on a per meal basis to offset the cost of food service and cash to offset a portion of State administrative expenses, sponsor administrative expenses and technical assistance. FNS also administers the various Child Nutrition Programs directly in cases where the State has chosen not to administer the programs. In addition to the cash and commodity assistance provided for all meals, substantially higher cash rates are paid as special assistance for meals served free or at a reduced price to children from low income families. Funds for these programs are provided by direct appropriation and by transfer from section 32.

Special Milk Program. The Special Milk Program provides funding for milk service in some kindergartens, as well as in schools, nonprofit child care centers and camps which have no other federally assisted food programs. Milk is provided to children either free or at a low cost depending on their family income level. The Food and Nutrition Service provides cash subsidies to State administered programs and directly administers the program in the States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special Supplemental Food Program for Women, Infants and Children (WIC). The purpose of the WIC Program is to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their fifth birthday. This is achieved by providing food packages designed to supplement each participant's diet with foods that nutritional research indicates are typically lacking in the WIC target population and by providing eligible recipients with nutrition education, including information about breastfeeding, and access to health services. In addition to paying the full cost of the food packages, appropriated funds are provided to States for administrative and nutrition services costs for the program. The WIC Farmers' Market Nutrition Program (FMNP) is also funded from the WIC appropriation. The FMNP is designed to accomplish two major goals: 1) to improve the diets of WIC (or WIC-eligible) participants by providing them with coupons to purchase fresh, nutritious, unprepared foods, such as fruits and vegetables, from farmers' markets; and 2) to increase the awareness and use of farmers' markets by low-income households. Although directly related to the WIC Program, most of the current FMNP operations are administered by State Departments of Agriculture rather than the State WIC agencies. Funds for the WIC program are provided by direct appropriation.

Commodity Supplemental Food Program (CSFP). The first priority of the CSFP is to provide food packages designed to improve the health of low-income pregnant, breastfeeding and postpartum women, infants and children up to their sixth birthday, a target population similar to that of the WIC Program. The next priority of CSFP is to provide supplemental food packages to improve the health of the low-income elderly; i.e., persons 60 years of age or older. The foods are purchased directly by the Department of Agriculture and distributed through State and local agencies to eligible women, infants, children and the elderly. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 20 percent of appropriated funding. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Food Donations Programs for Selected Groups

Food Distribution Program on Indian Reservations (FDPIR). This program provides nutrition assistance to low-income American Indians living on or near reservations who choose not to participate in the Food Stamp Program. Through monthly distribution from local warehouses, participating Indians receive a variety of commodities to help maintain a healthy diet. Participating agencies can order food items according to households' preferences. They also receive information on proper nutrition, food storage, sanitary food preparation methods and suggestions for use of the commodities. Funds to purchase commodities and pay expenses for this program are provided by direct appropriation and may be supplemented by commodities purchased under farm program authorities and distributed at no charge against the funds appropriated.

Nutrition Program for the Elderly. This program provides cash and commodities to States for distribution to local organizations that prepare meals served to elderly persons in congregate settings or delivered to their homes. The program promotes good health through nutrition assistance and by reducing the isolation experienced by the elderly. USDA's role in this program is to supplement the Department of Health and Human Services' funding for programs for the elderly with cash and commodities on a per meal basis for each meal served to an elderly person. Funds for this program are provided by direct appropriation.

Commodities for Soup Kitchens. This program provides for the purchase and distribution of commodities to soup kitchens and food banks. Commodities are distributed to the States which, in turn, provide them to public and charitable institutions that maintain an established feeding operation to provide food to needy homeless persons on a regular basis as an integral part of their activities. In instances when these commodities cannot be used by these organizations, States provide such commodities to food banks that maintain an established operation involving the provision of food or edible commodities to food pantries, soup kitchens, hunger relief centers or other food or feeding centers that provide meals or food to needy persons on a regular basis as an integral part of their normal activities. Funds for this program are provided by direct appropriation.

The Emergency Food Assistance Program (TEFAP). The Emergency Food Assistance Program helps States to relieve situations of hunger and distress by making available surplus foods from USDA farm support program inventories. In addition to surplus commodities, USDA also purchases and distributes to States foods that are high in nutrient density, easily and safely stored and are convenient to use and consume. The program also provides funds to States to aid in the intrastate storage and distribution of these foods. The allocation of both commodities and administrative expense grants to the States is based on a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level. Funds for this program are provided by direct appropriation.

Food Program Administration. This account funds Federal personnel compensation, benefits and other operating expenses of the Food and Nutrition Service. FNS administers the Food Stamp, Child Nutrition, Special Supplemental Food and other programs described above in a Federal-State partnership in which State agencies and local entities directly operate most programs. FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, and develop program policy.

Agency headquarters are in Alexandria, Virginia. Regional offices are at seven locations: Boston, Massachusetts; Robbinsville, New Jersey; Atlanta, Georgia; Chicago, Illinois; Dallas, Texas; Denver, Colorado; and San Francisco, California. On September 30, 1992, FNS employed 1,907 full time permanent and 56 part time and temporary employees, of which 639 were in the headquarters office and 1,324 in the field. Of the field total, 894 employees were stationed in seven regional offices and the balance in six Food Stamp Compliance offices; one computer support center in Minneapolis, Minnesota; five Administrative Review offices; and 84 field offices. Funds for these activities are provided by direct appropriation.

USDA Nutrition Education Activities

In 1994 USDA will continue its efforts to enhance nutrition education activities towards the goal of using education to achieve better nutrition. The USDA nutrition education focus seeks to favorably alter the food consumption behavior and promote the nutritional well-being of all Americans with a particular emphasis on educating and informing (1) children, their parents and care providers on the importance of good eating habits; (2) low-income adults on ways to improve their diets, food purchasing habits, and food handling; and (3) individuals in the general public who seek to improve their diets.

The USDA budget request supports five areas of investment to achieve this objective:

- 1) enhance ongoing nutrition education programs for target groups;
- 2) increase professional and consumer access to nutrition information to promote informed choice;
- 3) expand nutrition monitoring to implement the 10 year plan for nutrition monitoring and related research;
- 4) improve evaluation of nutrition education activities to measure outcomes including behavioral changes; and
- 5) increase basic nutrition research as an investment to strengthen the research base for nutrition program activities and nutrition monitoring.

The Food and Nutrition Service continues to play a major role in this initiative, along with seven other USDA agencies. FNS activities are well aligned with the objective of the initiative for reaching children and low-income adults, with children having the primary focus. In summary, the FNS proposals are for continued funding and increased effectiveness of WIC nutrition education, continued matching funds for State nutrition education for Food Stamp assistance, and training for implementation of the Dietary Guidelines for Americans in the \$6 billion Child Nutrition Programs. In addition, FNS will continue working closely with the Extension Service in their efforts to provide additional nutrition education to the most needy WIC participants.

Dietary Guidelines Implementation

The USDA initiative will provide the assistance to Child Nutrition Programs needed to improve meals and follow the Dietary Guidelines for Americans. The nation's Health Objectives for the Year 2000, established by the Department of Health and Human Services (DHHS) with USDA concurrence on the nutrition objectives, established a target for this decade: "increase, to at least 90 percent, the proportion of school lunch and breakfast services and child care food services with menus that are consistent with the nutrition principles in the Dietary Guidelines for Americans" (Healthy People 2000, No.2, 17, page 126). As a first step toward meeting this objective, USDA and DHHS, developed and disseminated to all Child Nutrition Program cooperators a publication entitled Building for A Future: Nutrition Guidance for the Child Nutrition Programs. This publication will serve as a basis for revisions of USDA meal patterns and menu planning guides. It will also guide the development of new recipes and commodity specifications. For school nutrition programs, a short term goal is to provide all school districts in the country with access to the necessary tools to meet the Dietary Guidelines for Americans in school meals. FNS will use the 1994 funding to provide training and technical assistance to proceed with this effort and to develop possible alternatives to the current meal pattern system.

Nutrition Education and Training (NET) Program

The NET program provides children, through child care and schools, with opportunities to acquire the knowledge, skills, attitudes and behaviors necessary to make healthful food choices. NET develops nutrition education programs and instructs food service workers and teachers in nutrition and health. While planning nutrition education activities, USDA identified a special need to provide nutrition education to child care and preschool providers to 1) improve the conformity of USDA subsidized meals with the Dietary Guidelines and 2) enable providers to use nutrition education curricula with preschool children in order to promote nutritious food selection. FNS estimates that about \$10 million will be needed to maintain the current level of effort for NET. This NET funding is an important component of the comprehensive multi-year initiative to implement the Dietary Guidelines for Americans in the Child Nutrition Programs by the year 2000, and is needed to reach the diverse population of child care and preschool providers.

Food Stamp Program Nutrition Education

USDA also recognizes a special need for reaching limited resource adults with nutrition education. These adults need information on basic nutrition, food selection and food handling communicated in a way that is sensitive to their income and education levels and cultural preferences. Food stamps help assure that recipients have the purchasing power to acquire an adequate diet, but recipients still have little margin for shopping error. Nutrition knowledge could make a real difference. The Food Stamp Program will continue to provide States with 50-50 matching funds for nutrition education activities. In 1993, FNS initiated a two-year grant program for development and demonstration of culturally relevant and cost effective nutrition education programs for Food Stamp Program participants who do not currently receive other nutrition education. In 1994, USDA will continue the demonstration grant program at the 1993 level of \$0.5 million. FNS will work closely with the Extension Service to encourage development of educational models and materials that can be replicated in other locations. These will complement similar grants being funded through the Extension Service for \$4.0 million. The FNS grants were authorized by the FACT Act. In 1994, FNS will also coordinate with the USDA Human Nutrition Information Service and Extension Service to update, reprint and distribute revised FNS publications for Food Stamp Program households, low literacy adults, and the elderly, to include the current Dietary Guidelines and associated graphic, the Food Guide Pyramid.

Special Supplemental Food Program for Women, Infants and Children (WIC)

WIC provides the largest single source of Federal nutrition education funding, reaching over 5 million pregnant, breastfeeding and postpartum women, infants and young children at critical times in physical growth and mental development each month. In addition to continuing the required level of nutrition education within the WIC Program, FNS will work more closely with the Extension Service in providing intensive nutrition education to the neediest WIC participants, and in evaluating the effectiveness of this effort. A major goal of WIC nutrition education is to improve WIC breastfeeding rates. These efforts will also complement the Surgeon General's goal of increasing "to at least 75 percent the proportion of mothers who breastfeed their babies at hospital discharge and to at least 50 percent the proportion who continue breastfeeding until their babies are 5 to 6 months old" (Healthy People 2000, No.2, 11).

Nutrition Education through the Food Distribution Program on Indian Reservations (FDPIR)

Nutrition education has traditionally been integral to FDPIR. However, past efforts in this area have proven inadequate in view of the continued high incidence of diet-related health conditions, such as hypertension, diabetes, and obesity among the Native American population. FNS is intensifying efforts in this area through the

use of FDPIR administrative funds specifically earmarked for nutrition education. These funds are allocated among regions using a participation-based formula. Regions, in turn, use their allocations for direct provision of nutrition education to Indian Tribal Organizations and their program participants, or for competitive grants to Indian Tribal Organizations. This funding is intended to stimulate innovative approaches to the specific nutrition education needs and cultural sensitivities of Native Americans.

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1992 Actual and Estimated, 1993 and 1994

Page 1 of 2

Item	1992		1993		1994	
	Actual		Estimated		Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Food Stamp Program.....	\$22,649,975,000	23	\$27,064,357,000	25	\$30,148,655,000	25
Nutrition Assistance	[a]		[b]			
for Puerto Rico.....	1,013,000,000		1,051,000,000		1,091,000,000	
Child Nutrition Programs:						
Appropriation.....	1,393,223,000		2,592,098,000		2,848,744,000	
Transfer from Section 32						
and other accounts.....	4,775,092,000		4,290,455,000		4,710,185,000	
Total - Child	[c]					
Nutrition Programs.....	6,168,315,000	125	6,882,553,000	127	7,558,929,000	127
	[d]		[e]		[f]	
Special Milk Program.....	23,011,000		14,898,000		20,277,000	
Special Supplemental	[g]		[h]			
Food Program.....	2,600,000,000		2,935,000,000		3,287,220,000	
Commodity Supplemental	[i]					
Food Program.....	90,000,000		94,500,000		94,500,000	
Food Donations Programs for						
Selected Groups.....	265,437,000		256,513,000		244,413,000	
The Emergency Food						
Assistance Program.....	165,000,000		188,481,000		209,455,000	
Temporary Assistance						
P.L. 102-552.....	0		42,329,000		0	
			[j]			
Food Program Administration	103,535,000	1,809	103,535,000	1,822	105,201,000	1,822
Total, Food and Nutrition						
Service Funds.....	33,078,273,000	1,957	38,633,166,000	1,974	42,759,650,000	1,974
Obligations under other						
USDA Appropriations:						
Human Nutrition Information						
Service for Administrative:						
Support.....	250,000	5	259,000	5	259,000	5
Farmers Home Administration:	47,095		3,000		15,000	
Agricultural Stabilization						
and Conservation Service..	31,070					
Soil Conservation Service...	12,364					
Miscellaneous Reimbursements:	8,566					
Total, Other USDA						
Appropriations.....	349,095	5	262,000	5	274,000	5

FOOD AND NUTRITION SERVICE
Available Funds and Staff-Years
1992 Actual and Estimated, 1993 and 1994

Page 2 of 2

Item	1992 Actual		1993 Estimated		1994 Estimated	
	Amount	Staff Years	Amount	Staff Years	Amount	Staff Years
Other Federal Funds:						
Army Audit Agency						
for Health and Building						
Management Services	7,824					
Total, Other Federal Funds...	7,824	0	0	0	0	0
Total, Food and Nutrition Service.....	33,078,629,919	1,962	38,633,428,000	1,979	42,759,924,000	1,979

[a] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.

[b] Excludes \$10,825,000 in funds transferred to APHIS for Tick Eradication.

[c] Excludes \$68,517,687 in unobligated balances and \$47,833,939 in recoveries of PY obligations and transfer of \$100,000,000 from the Food Stamp Program.

[d] Excludes \$4,772,623 in unobligated balances and \$645,262 in recoveries of PY obligations.

[e] Excludes \$5,379,187 in unobligated balances.

[f] Excludes \$254,187 in unobligated balances.

[g] Excludes \$2,672,135 in unobligated balances and \$73,381,806 in recoveries of PY obligations.

[h] Excludes \$2,647,148 in unobligated balances.

[i] Excludes \$6,109,462 in unobligated balances and \$259,883 in recoveries of PY obligations.

[j] Excludes \$4,258 in unobligated balances.

FOOD AND NUTRITION SERVICE

Permanent Positions by Grade and Staff-Year Summary

1992 and Estimated 1993 and 1994

	1992			1993			1994		
	Headquarters:	Field	Total	Headquarters:	Field	Total	Headquarters:	Field	Total
ES-6	1:	0:	1:	1:	0:	1:	1:	0:	1
ES-5	1:	0:	1:	1:	0:	1:	1:	0:	1
ES-4	4:	6:	10:	4:	6:	10:	4:	7:	11
ES-3	2:	0:	2:	2:	1:	3:	2:	0:	2
ES-2	1:	1:	2:	1:	0:	1:	1:	0:	1
ES-1	3:	0:	3:	3:	0:	3:	3:	0:	3
GS/GM-15	21:	7:	28:	21:	7:	28:	21:	7:	28
GS/GM-14	63:	35:	98:	63:	35:	98:	63:	35:	98
GS/GM-13	141:	81:	222:	143:	81:	224:	143:	81:	224
GS-12	165:	249:	414:	168:	253:	421:	168:	253:	421
GS-11	119:	541:	660:	122:	547:	669:	122:	547:	669
GS-10	1:	:	1:	1:	:	1:	1:	:	1
GS-9	33:	67:	100:	34:	70:	104:	34:	70:	104
GS-8	8:	7:	15:	8:	7:	15:	8:	7:	15
GS-7	59:	65:	124:	60:	67:	127:	60:	67:	127
GS-6	41:	54:	95:	41:	54:	95:	41:	54:	95
GS-5	34:	112:	146:	35:	114:	149:	35:	114:	149
GS-4	18:	31:	49:	18:	32:	50:	18:	32:	50
GS-3	2:	5:	7:	2:	5:	7:	2:	5:	7
GS-2	4:	2:	6:	4:	2:	6:	4:	2:	6
GS-1	0:	0:	0:	0:	0:	0:	0:	0:	0
Ungraded Positions	4:	0:	4:	4:	0:	4:	4:	0:	4
Total Permanent Positions.....	725:	1,263:	1,988:	736:	1,281:	2,017:	736:	1,281:	2,017
Unfilled Positions end-of-year.....	-17:	-29:	-46:	-5:	-49:	-54:	-3:	-48:	-51
Total, Permanent Employment, end-of-year.....	708:	1,234:	1,942:	731:	1,232:	1,963:	733:	1,233:	1,966
Staff-Years.....	712:	1,297:	2,009:	716:	1,263:	1,979:	716:	1,263:	1,979

FOOD AND NUTRITION SERVICE

CLASSIFICATION BY OBJECTS

(dollars in thousands)

	Actual 1992	Estimated 1993	Estimated 1994
Personnel Compensation:			
Headquarters	30,790	31,538	32,516
Field	47,300	48,568	49,290

11 Total personnel compensation	78,090	80,106	81,805
11.1 Full-time permanent	74,576	76,781	78,446
11.3 Other than full-time permanent	2,451	2,616	2,636
11.9 Special personal services	1,063	709	723
12 Personnel benefits	14,391	13,807	14,036
13 Benefits for former personnel	66	42	44

Total pers. compensation and benefits	92,547	93,955	95,885

Other objects:			
21 Travel	4,466	4,512	4,300
22 Transportation of things	3,836	5,301	5,403
23.1 Rental payments to GSA			
23.2 Rental payments to others	391	427	425
23.3 Communications, utilities and misc. charges	2,856	3,693	3,623
24 Printing and reproduction	45,354	49,059	50,028
25.1 Consulting services	47,088	51,016	64,262
25.2 Other services	5,125	7,688	8,298
26 Supplies and materials (incl. commodities)	505,574	588,253	572,067
31 Equipment	5,454	1,640	1,684
32 Land and structures			
41 Grants, subsidies and contributions	32,328,703	34,899,669	36,964,907
42 Insurance claims and indemnities	7		
43 Interest and dividends	1		

Total other objects	32,948,855	35,611,258	37,674,997

Total direct obligations	33,041,402	35,705,213	37,770,882
=====			
Position Data:			
Average Salary, ES positions	100,863	101,084	101,368
Average Salary, GM/GS positions	39,885	41,475	41,533
Average Grade, GM/GS positions	10.35	10.34	10.34

FOOD AND NUTRITION SERVICE

Reports of Audits and Investigations of National Significance Received during Fiscal Year 1992

<u>Program/Activity Reviews</u>	<u>Report Number</u>	<u>Date Issued</u>	<u>Subject</u>
<u>Reports from the Office of the Inspector General</u>			
Food Stamp	27600-8-CH	03-31-92	Food Stamp Program: Authorizing and Monitoring of Retailers
Food Stamp	27013-47-TE	09-10-92	SAVE System Cost Effectiveness
Food Stamp	27019-69-CH	09-30-92	Quality Control Activities
Food Stamp	27002-24-HY	09-02-92	Compliance Branch Controls Over Cash and Food Stamp Coupon Inventories
Financial Management	27070-2-HY	08-10-92	Financial statements FY'91
<u>Reports from the General Accounting Office</u>			
Food Donations	RCED-92-62	12-09-91	Homelessness: Policy and Liability Issues in Donating Prepared Food
Food Donations	RCED-92-67	12-31-91	Processing of USDA Commodities Donated to the National School Lunch Program
Food Stamp	HRD-92-92	09-25-92	Better Coordination of Food Stamp Services for Social Security Clients
Food Stamp	RCED-92-114	07-21-92	Nutritional Conditions and Program Alternatives in Puerto Rico
WIC	HRD-92-18	04-07-92	Federal Investments like WIC Can Produce Savings
Food Stamp	AFMD-92-63	08-06-92	OMB's High Risk Program: Benefits Found but Greater Oversight Needed
Food Stamp	IMTEC-92-29	05-27-92	Ineffective Federal Oversight Permits Costly Automated System Problems in Welfare Programs

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,782,968	4,110,794	4,327,236	216,442
b. School Breakfast Program.....	801,191	891,163	980,352	89,189
c. Child Care and Adult Care Food Program.....	1,089,627	1,326,811	1,638,773	311,962
d. Summer Food Service Program.....	202,927	230,394	254,612	24,218
e. State administrative expenses.....	69,108	77,086	86,738	9,652
TOTAL, Cash payments to States.....	5,945,821	6,636,248	7,287,711	651,463

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	225,029	245,706	20,677
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	603,254	625,029	645,706	20,677

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,835	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,083	3,780	3,843	63
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,240	21,276	21,812	536

Section 17(p) Demos.....	0	0	3,700	3,700

TOTAL, Child Nutrition Programs.....	6,568,315	7,282,553	7,958,929	676,376
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,168,315	6,882,553	7,558,929	676,376

B. Special Milk Program: Cash Payments.....	23,011	14,898	20,277	5,379

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,595,000	2,930,000	3,282,220	352,220
2. Studies and evaluations.....	5,000	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,600,000	2,935,000	3,287,220	352,220

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	72,000	75,600	75,600	0
2. Payments to distributing agencies for administration.....	18,000	18,900	18,900	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	90,000	94,500	94,500	0
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	90,000	94,500	94,500	0

E. Food Stamp Program:				
1. Benefit costs.....	19,526,638	22,880,127	23,409,031	528,904
2. State administrative costs.....	1,538,117	1,588,976	1,634,079	45,103
3. Other program costs.....	86,670	95,254	106,545	11,291
4. Benefit Reserve.....	1,498,550	2,500,000	5,000,000	2,500,000
5. Excess state error liabilities.....	0	0	-1,000	-1,000
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	22,649,975	27,064,357	30,148,655	3,084,298

F. Nutrition Assistance for Puerto Rico.....	1,013,000	1,051,000	1,091,000	40,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	64,495	63,157	50,596	-12,561
b. Distributing agency administrative costs.....	17,450	18,444	18,905	461
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	81,945	81,601	69,501	-12,100
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	81,945	81,601	69,501	-12,100

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,918	9,367	9,358	-9
b. Cash in lieu of commodities.....	141,574	133,545	133,554	9
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	151,492	142,912	142,912	0
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	151,492	142,912	142,912	0

3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	265,437	256,513	244,413	-12,100

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	45,000	45,000	46,215	1,215
TOTAL, The Emergency Food Assistance Program.....	165,000	188,481	209,455	20,974
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	165,000	188,481	209,455	20,974

I. Temporary Assistance P.L. 102-552: Commodities.....	0	42,329	0	-42,329

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,416	27,416	27,857	441
2. Supplemental feeding.....	11,409	11,409	11,593	184
3. Food stamp.....	57,949	57,949	58,881	932
4. Cash and commodity subsidies.....	6,761	6,761	6,870	109
TOTAL, Food Program Administration.....	103,535	103,535	105,201	1,666
GRAND TOTAL, Food Assistance.....	33,478,273	39,033,166	43,159,650	4,126,484
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	33,078,273	38,633,166	42,759,650	4,126,484

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,870,098	4,131,424	4,328,214	196,790
b. School Breakfast Program.....	801,191	891,163	980,352	89,189
c. Child Care and Adult Care Food Program.....	1,089,627	1,326,811	1,638,773	311,962
d. Summer Food Service Program.....	202,927	230,394	254,612	24,218
e. State administrative expenses.....	68,766	79,932	86,738	6,806
TOTAL, Cash payments to States.....	6,032,609	6,659,724	7,288,689	628,965
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	224,051	245,706	21,655
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	84,396	84,396	84,396	0
d. AMS bonus commodities.....	37,765	37,765	37,765	0
TOTAL, Commodities to States.....	725,415	746,212	767,867	21,655
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,829	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,111	4,241	3,843	-398
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,262	21,737	21,812	75
Section 17(p) Demos.....	0	0	3,700	3,700
TOTAL, Child Nutrition Programs.....	6,777,286	7,427,673	8,082,068	654,395
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	84,396	84,396	84,396	0
AMS bonus commodities.....	37,765	37,765	37,765	0
TOTAL, FNS Child Nutrition Account.....	6,255,125	6,905,512	7,559,907	654,395
B. Special Milk Program: Cash Payments.....	21,587	20,023	20,531	508
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,667,449	2,968,647	3,291,220	322,573
2. Studies and evaluations.....	5,027	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,672,476	2,973,647	3,296,220	322,573

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	78,109	75,600	75,600	0
2. Payments to distributing agencies for administration.....	18,257	18,900	18,900	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	21,833	22,653	22,084	-569
SUBTOTAL, Commodity Supplemental Food Program (CSFP)..<	118,199	117,153	116,584	-569
LESS: CCC Donations.....	21,833	22,653	22,084	-569
TOTAL, FNS CSFP Account.....	96,366	94,500	94,500	0

E. Food Stamp Program:				
1. Benefit costs.....	20,899,531	22,397,394	23,409,031	1,011,637
2. State administrative costs.....	1,483,392	1,588,976	1,634,079	45,103
3. Other program costs.....	84,832	94,124	106,545	12,421
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	0	0	0
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	22,467,755	24,080,494	25,149,655	1,069,161

F. Nutrition Assistance for Puerto Rico.....	1,002,175	1,040,175	1,091,000	50,825

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:	.			
a. Commodities in lieu of food stamps.....	64,219	63,157	50,596	-12,561
b. Distributing agency administrative costs.....	17,548	18,444	18,905	461
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	1,491	1,491	1,491	0
TOTAL, Food Distribution Program on Reservations.....	83,258	83,092	70,992	-12,100
LESS: Bonus commodities.....	1,491	1,491	1,491	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	81,767	81,601	69,501	-12,100

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,271	9,367	9,358	-9
b. Cash in lieu of commodities.....	134,448	133,545	133,554	9
c. Section 32 Bonus Commodities.....	832	832	832	0
d. Section 416 Bonus Commodities.....	577	577	577	0
TOTAL, Nutrition Program for the Elderly.....	145,128	144,321	144,321	0
LESS: Bonus Commodities.....	1,409	1,409	1,409	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,719	142,912	142,912	0

3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	257,486	256,513	244,413	-12,100

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	89,305	89,305	89,305	0
3. TEFAP Administrative Expense.....	44,999	45,000	46,215	1,215
TOTAL, The Emergency Food Assistance Program.....	254,304	277,786	298,760	20,974
LESS: Bonus Commodities.....	89,305	89,305	89,305	0
TOTAL, FNS TEFAP Account.....	164,999	188,481	209,455	20,974

I. Temporary Assistance P.L. 102-552: Commodities.....	0	42,329	0	-42,329

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	15,155	15,155	15,155	0
b. Section 416 commodities.....	80,032	80,032	80,032	0
2. Summer Camps				
a. Section 32 commodities.....	308	308	308	0
b. Section 416 commodities.....	2,471	2,471	2,471	0
3. Disaster Feeding				
a. Section 32 commodities.....	1,552	1,552	1,552	0
b. Section 416 commodities.....	1,015	1,015	1,015	0
TOTAL, Bonus Commodities to Other Outlets.....	100,533	100,533	100,533	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,484	27,487	27,930	443
2. Supplemental feeding.....	11,438	11,439	11,623	184
3. Food stamp.....	58,091	58,098	59,035	937
4. Cash and commodity subsidies.....	6,777	6,777	6,887	110
TOTAL, Food Program Administration.....	103,790	103,801	105,475	1,674
GRAND TOTAL, Food Assistance.....	33,778,491	36,443,027	38,508,139	2,065,112
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	55,612	55,612	55,612	0
CCC bonus commodities.....	281,120	281,940	281,371	569
TOTAL, FNS Accounts.....	33,041,759	35,705,475	37,771,156	2,065,681

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,759,731	4,117,436	4,300,348	182,912
b. School Breakfast Program.....	792,786	878,163	968,133	89,970
c. Child Care and Adult Care Food Program.....	1,080,689	1,296,086	1,596,033	299,947
d. Summer Food Service Program.....	198,516	224,005	251,346	27,341
e. State administrative expenses.....	72,739	76,367	84,519	8,152
TOTAL, Cash payments to States.....	5,904,461	6,592,057	7,200,379	608,322
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	224,051	245,706	21,655
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	603,254	624,051	645,706	21,655
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,835	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,111	4,241	3,843	-398
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,268	21,737	21,812	75
Section 17(p) Demos.....	0	0	3,700	3,700
TOTAL, Child Nutrition Programs.....	6,526,983	7,237,845	7,871,597	633,752
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,126,983	6,837,845	7,471,597	633,752
B. Special Milk Program: Cash Payments.....				
	19,178	20,365	20,410	45
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,541,654	2,899,744	3,263,156	363,412
2. Studies and evaluations.....	3,036	8,337	5,000	-3,337
TOTAL, FNS Special Supplemental Food Program Account.....	2,544,690	2,908,081	3,268,156	360,075

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Outlays under Current Law
 (Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	78,080	73,437	75,600	2,163
2. Payments to distributing agencies for administration.....	17,499	22,069	18,900	-3,169
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	95,579	95,506	94,500	-1,006
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	95,579	95,506	94,500	-1,006

E. Food Stamp Program:				
1. Benefit costs.....	20,110,088	22,420,629	23,378,581	957,952
2. State administrative costs.....	1,610,773	1,585,884	1,630,109	44,225
3. Other program costs.....	82,992	94,380	98,654	4,274
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	0	-1,000	-1,000
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	-598,274	0	598,274
TOTAL, FNS Food Stamp Program Account.....	21,803,853	23,502,619	25,106,344	1,603,725

F. Nutrition Assistance for Puerto Rico.....	995,806	1,043,488	1,090,675	47,187

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	58,831	61,782	52,983	-8,799
b. Distributing agency administrative costs.....	16,385	18,226	18,817	591
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	75,216	80,008	71,800	-8,208
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	75,216	80,008	71,800	-8,208
2. Nutrition Program for the Elderly:				
a. Commodities.....	11,742	7,587	9,304	1,717
b. Cash in lieu of commodities.....	125,036	147,626	133,608	-14,018
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	136,778	155,213	142,912	-12,301
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	136,778	155,213	142,912	-12,301
3. Commodities for Soup Kitchens.....	32,108	32,000	32,000	0
TOTAL, FNS Food Donations Programs Account.....	244,102	267,221	246,712	-20,509
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	45,378	47,211	45,881	-1,330
TOTAL, The Emergency Food Assistance Program.....	165,378	190,692	209,121	18,429
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	165,378	190,692	209,121	18,429
I. Temporary Assistance P.L. 102-552: Commodities.....	0	42,329	0	-42,329

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays under Current Law
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	26,723	28,985	27,522	-1,463
2. Supplemental feeding.....	11,121	12,062	11,454	-608
3. Food stamp.....	56,484	61,263	58,172	-3,091
4. Cash and commodity subsidies.....	6,589	7,147	6,786	-361
TOTAL, Food Program Administration.....	100,917	109,457	103,934	-5,523
GRAND TOTAL, Food Assistance.....	32,496,486	35,417,603	38,011,449	2,593,846
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	32,096,486	35,017,603	37,611,449	2,593,846

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,782,968	4,110,794	4,327,236	216,442
b. School Breakfast Program.....	801,191	891,163	980,352	89,189
c. Child Care and Adult Care Food Program.....	1,089,627	1,326,811	1,638,773	311,962
d. Summer Food Service Program.....	202,927	230,394	254,612	24,218
e. State administrative expenses.....	69,108	77,086	86,738	9,652
TOTAL, Cash payments to States.....	5,945,821	6,636,248	7,287,711	651,463

2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	225,029	245,706	20,677
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	603,254	625,029	645,706	20,677

3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,835	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,083	3,780	3,843	63
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,240	21,276	21,812	536

Section 17(p) Demos.....	0	0	3,700	3,700

TOTAL, Child Nutrition Programs.....	6,568,315	7,282,553	7,958,929	676,376
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,168,315	6,882,553	7,558,929	676,376

B. Special Milk Program: Cash Payments.....	23,011	14,898	20,277	5,379

C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,595,000	2,930,000	3,282,220	352,220
2. Studies and evaluations.....	5,000	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,600,000	2,935,000	3,287,220	352,220

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
 Budget Authority at the Recommended Level
 (Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	72,000	75,600	75,600	0
2. Payments to distributing agencies for administration.....	18,000	18,900	18,900	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....		0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP)...	90,000	94,500	94,500	0
LESS: CCC Donations.....	0	0	0	0
TOTAL, FNS CSFP Account.....	90,000	94,500	94,500	0

E. Food Stamp Program:				
1. Benefit costs.....	19,526,638	22,880,127	23,409,031	528,904
2. State administrative costs.....	1,538,117	1,588,976	1,614,079	25,103
3. Other program costs.....	86,670	95,254	106,545	11,291
4. Benefit Reserve.....	1,498,550	2,500,000	5,000,000	2,500,000
5. Excess state error liabilities.....	0	0	-1,000	-1,000
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	22,649,975	27,064,357	30,128,655	3,064,298

F. Nutrition Assistance for Puerto Rico.....	1,013,000	1,051,000	1,091,000	40,000

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	64,495	63,157	50,596	-12,561
b. Distributing agency administrative costs.....	17,450	18,444	18,905	461
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	81,945	81,601	69,501	-12,100
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	81,945	81,601	69,501	-12,100
2. Nutrition Program for the Elderly:				
a. Commodities.....	9,918	9,367	9,358	-9
b. Cash in lieu of commodities.....	141,574	133,545	133,554	9
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	151,492	142,912	142,912	0
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	151,492	142,912	142,912	0
3. Commodities for Soup Kitchens.....				
	32,000	32,000	32,000	0
TOTAL, FNS Food Donations Programs Account.....	265,437	256,513	244,413	-12,100
H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	45,000	45,000	46,215	1,215
TOTAL, The Emergency Food Assistance Program.....	165,000	188,481	209,455	20,974
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	165,000	188,481	209,455	20,974
I. Temporary Assistance P.L. 102-552: Commodities.....				
	0	42,329	0	-42,329

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Budget Authority at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,416	27,416	27,858	442
2. Supplemental feeding.....	11,410	11,410	11,593	183
3. Food stamp.....	57,949	57,949	58,881	932
4. Cash and commodity subsidies.....	6,760	6,760	6,869	109
TOTAL, Food Program Administration.....	103,535	103,535	105,201	1,666
GRAND TOTAL, Food Assistance.....	33,478,273	39,033,166	43,139,650	4,106,484
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	33,078,273	38,633,166	42,739,650	4,106,484

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,870,098	4,131,424	4,328,214	196,790
b. School Breakfast Program.....	801,191	891,163	980,352	89,189
c. Child Care and Adult Care Food Program.....	1,089,627	1,326,811	1,638,773	311,962
d. Summer Food Service Program.....	202,927	230,394	254,612	24,218
e. State administrative expenses.....	68,766	79,932	86,738	6,806
TOTAL, Cash payments to States.....	6,032,609	6,659,724	7,288,689	628,965
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	224,051	245,706	21,655
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	84,396	84,396	84,396	0
d. AMS bonus commodities.....	37,765	37,765	37,765	0
TOTAL, Commodities to States.....	725,415	746,212	767,867	21,655
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)..	3,829	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,111	4,241	3,843	-398
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,262	21,737	21,812	75
Section 17(p) Demos.....	0	0	3,700	3,700
TOTAL, Child Nutrition Programs.....	6,777,286	7,427,673	8,082,068	654,395
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	84,396	84,396	84,396	0
AMS bonus commodities.....	37,765	37,765	37,765	0
TOTAL, FNS Child Nutrition Account.....	6,255,125	6,905,512	7,559,907	654,395
B. Special Milk Program: Cash Payments.....				
	21,587	20,023	20,531	508
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,667,449	2,968,647	3,291,220	322,573
2. Studies and evaluations.....	5,027	5,000	5,000	0
TOTAL, FNS Special Supplemental Food Program Account.....	2,672,476	2,973,647	3,296,220	322,573

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	78,109	75,600	75,600	0
2. Payments to distributing agencies for administration.....	18,257	18,900	18,900	0
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	21,833	22,653	22,084	-569
SUBTOTAL, Commodity Supplemental Food Program (CSFP).. <td>118,199</td> <td>117,153</td> <td>116,584</td> <td>-569</td>	118,199	117,153	116,584	-569
LESS: CCC Donations.....	21,833	22,653	22,084	-569
TOTAL, FNS CSFP Account.....	96,366	94,500	94,500	0

E. Food Stamp Program:				
1. Benefit costs.....	20,899,531	22,397,394	23,409,031	1,011,637
2. State administrative costs.....	1,483,392	1,588,976	1,614,079	25,103
3. Other program costs.....	84,832	94,124	106,545	12,421
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	0	0	0
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	0	0	0
TOTAL, FNS Food Stamp Program Account.....	22,467,755	24,080,494	25,129,655	1,049,161

F. Nutrition Assistance for Puerto Rico.....	1,002,175	1,040,175	1,091,000	50,825

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	64,219	63,157	50,596	-12,561
b. Distributing agency administrative costs.....	17,548	18,444	18,905	461
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	1,491	1,491	1,491	0
TOTAL, Food Distribution Program on Reservations.....	83,258	83,092	70,992	-12,100
LESS: Bonus commodities.....	1,491	1,491	1,491	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	81,767	81,601	69,501	-12,100

2. Nutrition Program for the Elderly:				
a. Commodities.....	9,271	9,367	9,358	-9
b. Cash in lieu of commodities.....	134,448	133,545	133,554	9
c. Section 32 Bonus Commodities.....	832	832	832	0
d. Section 416 Bonus Commodities.....	577	577	577	0
TOTAL, Nutrition Program for the Elderly.....	145,128	144,321	144,321	0
LESS: Bonus Commodities.....	1,409	1,409	1,409	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	143,719	142,912	142,912	0

3. Commodities for Soup Kitchens.....	32,000	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	257,486	256,513	244,413	-12,100

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	89,305	89,305	89,305	0
3. TEFAP Administrative Expense.....	44,999	45,000	46,215	1,215
TOTAL, The Emergency Food Assistance Program.....	254,304	277,786	298,760	20,974
LESS: Bonus Commodities.....	89,305	89,305	89,305	0
TOTAL, FNS TEFAP Account.....	164,999	188,481	209,455	20,974

I. Temporary Assistance P.L. 102-552: Commodities.....	0	42,329	0	-42,329

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Program Level at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	15,155	15,155	15,155	0
b. Section 416 commodities.....	80,032	80,032	80,032	0
2. Summer Camps				
a. Section 32 commodities.....	308	308	308	0
b. Section 416 commodities.....	2,471	2,471	2,471	0
3. Disaster Feeding				
a. Section 32 commodities.....	1,552	1,552	1,552	0
b. Section 416 commodities.....	1,015	1,015	1,015	0
TOTAL, Bonus Commodities to Other Outlets.....	100,533	100,533	100,533	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	27,484	27,487	27,930	443
2. Supplemental feeding.....	11,438	11,439	11,623	184
3. Food stamp.....	58,091	58,098	59,035	937
4. Cash and commodity subsidies.....	6,777	6,777	6,887	110
TOTAL, Food Program Administration.....	103,790	103,801	105,475	1,674
GRAND TOTAL, Food Assistance.....	33,778,491	36,443,027	38,488,139	2,045,112
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	55,612	55,612	55,612	0
CCC bonus commodities.....	281,120	281,940	281,371	569
TOTAL, FNS Accounts.....	33,041,759	35,705,475	37,751,156	2,045,681

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
A. Child Nutrition Programs:				
1. Program grants to States:				
a. School Lunch Program.....	3,759,731	4,117,436	4,300,348	182,912
b. School Breakfast Program.....	792,786	878,163	968,133	89,970
c. Child Care and Adult Care Food Program.....	1,080,689	1,296,086	1,596,033	299,947
d. Summer Food Service Program.....	198,516	224,005	251,346	27,341
e. State administrative expenses.....	72,739	76,367	84,519	8,152
TOTAL, Cash payments to States.....	5,904,461	6,592,057	7,200,379	608,322
.....				
2. Commodities to States (including cash in lieu of commodities):				
a. FNS commodities.....	203,254	224,051	245,706	21,655
b. AMS Section 32 commodities.....	400,000	400,000	400,000	0
c. CCC bonus commodities.....	0	0	0	0
d. AMS bonus commodities.....	0	0	0	0
TOTAL, Commodities to States.....	603,254	624,051	645,706	21,655
.....				
3. Nutrition studies and education:				
a. Nutrition studies and surveys, section 6(a)(3)...	3,835	3,835	3,939	104
b. Nutrition education and training, section 19....	10,000	10,000	10,270	270
c. Child Nutrition Federal Review System.....	4,111	4,241	3,843	-398
d. Food Service Management Institute.....	1,322	1,661	1,706	45
e. Dietary Guidelines.....	0	2,000	2,054	54
TOTAL, Nutrition studies and education.....	19,268	21,737	21,812	75
.....				
Section 17(p) Demos.....	0	0	3,700	3,700
.....				
TOTAL, Child Nutrition Programs.....	6,526,983	7,237,845	7,871,597	633,752
LESS: AMS Section 32 commodities.....	400,000	400,000	400,000	0
CCC bonus commodities.....	0	0	0	0
AMS bonus commodities.....	0	0	0	0
TOTAL, FNS Child Nutrition Account.....	6,126,983	6,837,845	7,471,597	633,752
.....				
B. Special Milk Program: Cash Payments.....	19,178	20,365	20,410	45
.....				
C. Special Supplemental Food Program (WIC):				
1. Cash grants to States.....	2,541,654	2,899,744	3,263,156	363,412
2. Studies and evaluations.....	3,036	8,337	5,000	-3,337
TOTAL, FNS Special Supplemental Food Program Account.....	2,544,690	2,908,081	3,268,156	360,075
.....				

Continued on next page

FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

D. Commodity Supplemental Food Program (CSFP):				
1. Commodities for supplemental food.....	78,080	73,437	75,600	2,163
2. Payments to distributing agencies for administration.....	17,499	22,069	18,900	-3,169
3. Special administrative funds.....	0	0	0	0
4. CCC donations.....	0	0	0	0
SUBTOTAL, Commodity Supplemental Food Program (CSFP).. LESS: CCC Donations.....	95,579	95,506	94,500	-1,006
TOTAL, FNS CSFP Account.....	95,579	95,506	94,500	-1,006

E. Food Stamp Program:				
1. Benefit costs.....	20,110,088	22,420,629	23,378,581	957,952
2. State administrative costs.....	1,610,773	1,585,884	1,611,869	25,985
3. Other program costs.....	82,992	94,380	98,654	4,274
4. Benefit Reserve.....	0	0	0	0
5. Excess state error liabilities.....	0	0	-1,000	-1,000
6. Fed. Tax Refund Program.....	0	0	0	0
7. Adjustments in expired accounts.....	0	-598,274	0	598,274
TOTAL, FNS Food Stamp Program Account.....	21,803,853	23,502,619	25,088,104	1,585,485

F. Nutrition Assistance for Puerto Rico.....	995,806	1,043,488	1,090,675	47,187

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994

G. Food Donations Programs:				
1. Food Distribution Program on Indian Reservations:				
a. Commodities in lieu of food stamps.....	58,831	61,782	52,983	-8,799
b. Distributing agency administrative costs.....	16,385	18,226	18,817	591
c. Section 32 bonus commodities.....	0	0	0	0
d. Section 416 bonus commodities.....	0	0	0	0
TOTAL, Food Distribution Program on Reservations.....	75,216	80,008	71,800	-8,208
LESS: Bonus commodities.....	0	0	0	0
TOTAL, FNS Food Distribution Program on Indian Reservations Account.....	75,216	80,008	71,800	-8,208

2. Nutrition Program for the Elderly:				
a. Commodities.....	11,742	7,587	9,360	1,773
b. Cash in lieu of commodities.....	125,036	147,626	133,552	-14,074
c. Section 32 Bonus Commodities.....	0	0	0	0
d. Section 416 Bonus Commodities.....	0	0	0	0
TOTAL, Nutrition Program for the Elderly.....	136,778	155,213	142,912	-12,301
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS Nutrition Program for the Elderly Account.....	136,778	155,213	142,912	-12,301

3. Commodities for Soup Kitchens.....	32,108	32,000	32,000	0

TOTAL, FNS Food Donations Programs Account.....	244,102	267,221	246,712	-20,509

H. The Emergency Food Assistance Program (TEFAP):				
1. FNS Commodities.....	120,000	143,481	163,240	19,759
2. CCC Bonus Commodities.....	0	0	0	0
3. TEFAP Administrative Expense.....	45,378	47,211	45,881	-1,330
TOTAL, The Emergency Food Assistance Program.....	165,378	190,692	209,121	18,429
LESS: Bonus Commodities.....	0	0	0	0
TOTAL, FNS TEFAP Account.....	165,378	190,692	209,121	18,429

I. Temporary Assistance P.L. 102-552: Commodities.....	0	42,329	0	-42,329

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FOOD AND NUTRITION SERVICE

Food Assistance Table
Outlays at the Recommended Level
(Dollars in Thousands)

	1992 Estimate	1993 Estimate	1994 Estimate	Change 1993-1994
J. Bonus Commodities to Other Outlets:				
1. Charitable Institutions				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
2. Summer Camps				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
3. Disaster Feeding				
a. Section 32 commodities.....	0	0	0	0
b. Section 416 commodities.....	0	0	0	0
TOTAL, Bonus Commodities to Other Outlets.....	0	0	0	0
K. Food Program Administration:				
1. Child nutrition/Special Milk.....	26,723	28,985	27,522	-1,463
2. Supplemental feeding.....	11,121	12,062	11,454	-608
3. Food stamp.....	56,484	61,263	58,172	-3,091
4. Cash and commodity subsidies.....	6,589	7,147	6,786	-361
TOTAL, Food Program Administration.....	100,917	109,457	103,934	-5,523
GRAND TOTAL, Food Assistance.....	32,496,486	35,417,603	37,993,209	2,575,606
LESS: Section 32 commodities for Child Nutrition.....	400,000	400,000	400,000	0
AMS bonus commodities.....	0	0	0	0
CCC bonus commodities.....	0	0	0	0
TOTAL, FNS Accounts.....	32,096,486	35,017,603	37,593,209	2,575,606

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FOOD AND NUTRITION SERVICE

The estimate includes appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

State Child Nutrition [Programs] Payments (Including Transfers of Funds):

- 1 For necessary expenses to carry out the National School Lunch Act (42 U.S.C. 1751-1769b), and the applicable provisions other than sections 3 and 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1773-1785, and 1788-1789); [\$6,826,553,000] \$7,443,929,000 to remain available through September 30, [1994] 1995, of which [\$2,536,098,000] \$2,733,744,000 is hereby appropriated and [\$4,290,455,000] \$4,710,185,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935
- 2 (7 U.S.C. 612c): Provided, That \$3,700,000 of these funds shall be available to continue demonstration projects under section 17(p) of the National School Lunch Act: Provided further That funds appropriated for the purpose of section 7 of the Child Nutrition Act of 1966 shall be allocated among the States but the distribution of such funds to an individual State is contingent upon that State's agreement to participate in studies and surveys of programs authorized under the National School Lunch Act and the Child Nutrition Act of 1966, when such studies and surveys have been directed by the Congress and requested by the Secretary of Agriculture: Provided further, That if the Secretary of Agriculture determines that a State's administration of any program under the National School Lunch Act or the Child Nutrition Act of 1966 (other than section 17), or the regulations issued pursuant to these Acts, is seriously deficient, and the State fails to correct the deficiency within a specified period of time, the Secretary may withhold from the State some or all of the funds allocated to the State under section 7 of the Child Nutrition Act of 1966 and under section 13(k)(1) of the National School Lunch Act; upon a subsequent determination by the Secretary that the programs are operated in an acceptable manner some or all of the funds withheld may be allocated: Provided further, That only final reimbursement claims for service of meals, supplements, and milk submitted to State agencies by eligible schools, summer camps, institutions, and service institutions within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act for meals, supplements, and milk served during any month only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary: Provided further, That up to [\$3,780,000] \$3,843,000 shall be available for independent verification of school food service claims: Provided further, That [\$1,661,000] \$1,706,000 shall be available to provide financial and other assistance to operate the Food Service Management Institute. (Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1993.)

The first change makes funds provided available through September 30, 1995.

The second change designates discretionary funds for demonstration projects.

CHILD NUTRITION PROGRAMS

Appropriations Act, 1993.....	\$6,826,553,000
Budget Estimate, 1994.....	<u>7,443,929,000</u>
Increase in Appropriations.....	<u>+617,376,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Pay Cost</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
School lunch program.....	\$4,110,794,000	--	+\$216,442,000	\$4,327,236,000
School breakfast program..	891,163,000	--	+89,189,000	980,352,000
Child and adult care food program.....	1,273,160,000	--	+255,286,000	1,528,446,000
Summer food service program.....	230,394,000	-17,518	+24,235,518	254,612,000
State administrative expenses.....	77,086,000	+77,274	+9,574,726	86,738,000
Commodity procurement a/..	222,680,000	--	+18,353,000	241,033,000
Coordinated Review Effort.	3,780,000	+68,748	-5,748	3,843,000
Nutrition studies and surveys.....	3,835,000	--	+104,000	3,939,000
Nutrition education and training.....	10,000,000	--	+270,000	10,270,000
Food Service Management Institute.....	1,661,000	--	+45,000	1,706,000
Dietary Guidelines.....	2,000,000	--	+54,000	2,054,000
Section 17(p) Demos.....	--	--	+3,700,000	3,700,000
Total Appropriation.....	<u>6,826,553,000</u>	<u>+128,504</u>	<u>+617,247,496</u>	<u>7,443,929,000</u>

a/ In addition, \$400.0 million is available for entitlement commodity procurement from Section 32.

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1992 Actual Amount</u>	<u>1993 Estimated Amount</u>	<u>Increase or Decrease</u>	<u>1994 Estimated Amount</u>
1.Cash payments:				
to States :				
(a)School lunch:				
(1)Above 185%:				
of poverty: \$302,501,000:		\$337,085,000:	+\$17,829,000:	\$354,914,000:
(2)130-185% :				
of poverty: 378,126,000:		390,526,000:	+20,654,000:	411,180,000:
(3)Below 130%:				
of poverty: 3,102,340,404:		3,383,183,000:	175,959,000:	3,561,142,000:
Total, School :			(2):	
Lunch1/.....:	3,782,967,404:	4,110,794,000:	216,442,000:	4,327,236,000:
(b)School :				
Breakfast :				
program....:				
(1)Above 185%:				
of poverty: 19,229,000:		21,388,000:	+2,140,000:	23,528,000:
(2)130-185% :				
of poverty: 32,849,000:		36,538,000:	+3,656,000:	40,194,000:
(3)Below 130%:				
of poverty: 749,113,471:		833,237,000:	+83,393,000:	916,630,000:

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual Amount	: : SYs:	1993 Estimated Amount	: : SYs:	Increase or Decrease	1994 Estimated Amount	: : SYs
Total, School Breakfast.....	801,191,471:	:	891,163,000:	:	+89,189,000:	980,352,000:	:
(c)Child and adult care food program	:	:	:	:	:	:	:
(1)Meal Service:	:	:	:	:	:	:	:
(a)Above 185% of poverty..	465,968,000:	:	559,127,000:	:	+98,562,000:	657,689,000:	:
(b)130-185% of poverty..	33,360,000:	:	37,454,000:	:	+9,099,000:	46,553,000:	:
(c)Below 130% poverty	576,810,596:	:	657,950,000:	:	+144,629,000:	802,579,000:	:
Subtotal.....	1,076,138,596:	:	1,254,531,000:	:	+252,290,000:	1,506,821,000:	:
(2)Audit expense.....	13,489,000:	:	18,629,000:	:	2,996,000:	21,625,000:	:
Total, Child and Adult Care:	:	:	:	:	(4):	:	:
Food Program...	1,089,627,596:	:	1,273,160,000:	:	+255,286,000:	1,528,446,000:	:
(d)Summer Food Service Program.....	202,926,601:	33:	230,394,000:	35:	+24,218,000:	254,612,000:	35
(e)State Admin. expenses.....	69,108,000:	30:	77,086,000:	30:	+9,652,000:	86,738,000:	30
2.Commodity Procurement	:	:	:	:	:	:	:
(a)Commodities	162,768,852:	:	177,899,200:	:	+14,230,100:	192,129,300:	:
(b)Cash-in-lieu: of commodities:	40,485,076:	:	44,780,800:	:	+4,122,900:	48,903,700:	:
Total, Commodity procurement2/..	203,253,928:	:	222,680,000:	:	+18,353,000:	241,033,000:	:
3.Coordinated Review2/.....	4,083,000:	62:	3,780,000:	62:	+63,000:	3,843,000:	62
4.Nutrition Studies and Education2/..	:	:	:	:	:	:	:
(a)Nutrition Studies and Surveys.....	3,835,000:	:	3,835,000:	:	+104,000:	3,939,000:	:
(b)Nutrition Ed: and training:	10,000,000:	:	10,000,000:	:	+270,000:	10,270,000:	:
(c)Food Service: Management Institute...	1,322,000:	:	1,661,000:	:	+45,000:	1,706,000:	:
(d)Dietary Guidelines...	--	:	2,000,000:	:	+54,000:	2,054,000:	:

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual Amount	1993 Estimated Amount	1994 Estimated Amount	Increase or Decrease
Total, Nutrition:				
Studies and				(9):
Education.....	15,157,000:	17,496,000:		+473,000:
Section 17(p)				(10):
Demos. 2/.....	--	--		+3,700,000:
Transfer from				
Food Stamps....	-100,000,000:	--		--
Total,				
Appropriation..	6,068,315,000:125:	6,826,553,000:127:		617,376,000:7,443,929,000:127
Economic				
Stimulus.....		56,000,000:		-56,000,000:
Investment				
Proposal.....				+115,000,000:
Total, Pres.				
Budget.....		6,882,553,000:		+676,376,000:7,558,929,000:

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual Amount	1993 Estimated Amount	1994 Estimated Amount	Increase or Decrease
1. Cash payments:				
to States				
(a) School lunch:				
(1) Above 185%:				
of poverty:	\$317,348,000:	\$338,777,000:		+\$16,137,000:
(2) 130-185%:				
of poverty:	367,659,000:	392,485,000:		+18,695,000:
(3) Below 130%:				
of poverty:	3,185,090,459:	3,400,162,817:		+161,957,183:
Total, School				(2):
Lunch.....	3,870,097,459:	4,131,424,817:		+196,789,183:
(b) School				
Breakfast				
program....				
(1) Above 185%:				
of poverty:	19,229,000:	21,388,000:		+2,140,000:
(2) 130-185%:				
of poverty:	32,849,000:	36,538,000:		+3,656,000:
(3) Below 130%:				
of poverty:	749,113,471:	833,237,000:		+83,393,000:
Total, School				(3):
Breakfast.....	801,191,471:	891,163,000:		+89,189,000:
(c) Child and				
adult care				
food program:				
(1) Meal				
Service....				
(a) Above 185%:				
of poverty:	465,968,000:	559,127,000:		+98,562,000:
(b) 130-185%:				
of poverty:	33,360,000:	37,454,000:		+9,099,000:

PROJECT STATEMENT
(On basis of available funds)

	1992		1993		Increase	1994	
	Actual		Estimated		or	Estimated	
Project	Amount	Sys	Amount	Sys	Decrease	Amount	Sys
(c) Below 130% poverty	576,810,596:		657,950,000:		+144,629,000:	802,579,000:	
Subtotal.....	1,076,138,596:		1,254,531,000:		+252,290,000:	1,506,821,000:	
(2) Audit expense.....	13,489,000:		18,629,000:		2,996,000:	21,625,000:	
Total, Child and Adult Care:					(4):		
Food Program	1,089,627,596:		1,273,160,000:		+255,286,000:	1,528,446,000:	
(d) Summer Food Service Program.....	202,926,601:	33:	230,394,000:	35:	+24,218,000:	254,612,000:	35
(e) State Admin. expenses.....	68,765,863:	30:	79,932,000:	30:	+6,806,000:	86,738,000:	30
2. Commodity Procurement							
(a) Commodities	162,768,852:		177,362,000:		+15,464,400:	192,826,400:	
(b) Cash-in-lieu of commodities:	40,485,076:		44,340,000:		+3,866,600:	48,206,600:	
Total, Commodity procurement2/..	203,253,928:		221,702,000:		+19,331,000:	241,033,000:	
3. Coordinated Review2/.....	4,111,215:	62:	4,241,000:	62:	-398,000:	3,843,000:	62
4. Nutrition Studies and Education2/...							
(a) Nutrition Studies and Surveys.....	3,828,801:		3,835,000:		+104,000:	3,939,000:	
(b) Nutrition Ed and training:	9,999,712:		10,000,000:		+270,000:	10,270,000:	
(c) Food Service Management Institute...	1,322,000:		1,661,000:		+45,000:	1,706,000:	
(d) Dietary Guidelines..	--		2,000,000:		+54,000:	2,054,000:	
Total, Nutrition Studies and Education.....	15,150,513:		17,496,000:		+473,000:	17,969,000:	
Section 17(p) Demos.2/.....	--		--		+3,700,000:	3,700,000:	
TOTAL, Obligations...	6,255,124,646:	125:	6,849,512,817:	127:	+595,394,183:	7,444,907,000:	127
Recovery of prior year Obligations...	-47,833,939:		-1,500,000:		+1,500,000:	--	
Unobligated Bal Available Start of-year.....	-68,517,687:		-22,437,817:		+21,459,817:	-978,000:	
Available End-of-year	+22,437,817:		+978,000:		-978,000:		
Expiring	+7,104,163:						
Transfer from							
Food Stamps.....	-100,000,000:		--		--	--	

PROJECT STATEMENT
(On basis of available funds)

	1992		1993		Increase	1994	
	Actual		Estimated		or	Estimated	
Project	Amount	:SYs:	Amount	:SYs:	Decrease	Amount	:SYs
Total,							
Appropriation..	6,068,315,000:		6,826,553,000:		617,376,000:	7,443,929,000:	
Economic							
Stimulus.....			56,000,000:		-56,000,000:		
Investment							
Proposal.....					+115,000,000:	115,000,000:	
Total, President:							
Budget.....			6,882,553,000:		+676,376,000:	7,558,929,000:	

1/ Fiscal Year 1992 includes the transfer of \$100,000,000 from the Food Stamp Program.

2/ Fiscal Year 1994 amounts include a request of \$12,678,000 in discretionary additions to the mandatory baseline.

EXPLANATION OF PROGRAM

Overview of Program Development. The Child Nutrition Programs, authorized by the National School Lunch Act (NSLA) and the Child Nutrition Act of 1966, subsidize meals served to children in schools and in a variety of other institutions. The Child Nutrition Programs have their origins in commodity distribution programs operated in the 1930's. In 1946, the NSLA established the National School Lunch Program "to safeguard the health and well-being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities."

In 1966, Congress expanded the availability of Federal food assistance for children by providing for a pilot breakfast program, which was made a permanent program in 1975. Meal service was extended to pre-school age children in child care in 1968. In 1969, Congress made provisions to assist feeding programs in serving meals for free or at a reduced price to children who met certain income eligibility guidelines. A Summer Food Service Program was initiated in 1968 to serve low income children while school was out of session. The Child Nutrition and WIC Reauthorization Act of 1989 (P.L. 101-147) reauthorized the Summer Food Service Program, State Administrative Expenses, the Commodity Distribution Program and the Nutrition Education and Training Program through 1994.

Eligibility and Benefits. A general description of eligibility for and benefits of the programs follows:

1. Cash Payments to States. The programs are operated under an agreement entered into by State agencies and the Department. Funds are made available by letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies and, if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and the rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home as provided for in Section 11 of the NSLA.

(a) National School Lunch Program (NSLP). Assistance is provided to the States for the service of lunches and snacks to children in participating schools and institutions, regardless of household income. Additional assistance is provided to the States for serving lunches and snacks free or at a reduced price to needy children. States must match a portion of the Federal cash grant. Schools which, in the second previous school year, served at least 60 percent of their lunches at free or reduced prices receive an additional two cents per meal in assistance.

- (b) School Breakfast Program (SBP). Federal reimbursement is based on the number of breakfasts served to children from low, lower or upper income families. Schools that served at least 40 percent of their lunches at free or reduced prices in the second preceding year and had unusually high preparation costs which exceeded regular breakfast per meal reimbursement, receive higher subsidies in both the free and reduced price categories. FNS also provides expansion grants as authorized by P.L. 101-147, the Child Nutrition and WIC Reauthorization Act of 1989.
- (c) Child and Adult Care Food Program (CACFP). Nonprofit child care centers and family and group day care homes receive subsidies for meals served to preschool and other children. Profit-making child care centers receiving compensation under Title XX of the Social Security Act may participate in the program if 25 percent of the children enrolled are Title XX participants. Certain adult day care centers are also eligible for participation in this program if they provide meals to persons 60 years or older or to adults who are functionally impaired. They must be nonprofit unless they receive compensation under Title XIX or Title XX of the Social Security Act for at least 25 percent of their enrollees. The Child and Adult Care Food Program provides reimbursement to State agencies at varying rates for breakfasts, lunches, suppers and meal supplements. Two percent of total CACFP obligations from the second preceding year are provided for audits and administrative reviews of CACFP institutions. Under the Regional Office Administered Program (ROAP), the Office of the Inspector General contracts with Certified Public Accounting firms for audits of the child care institutions directly administered by FNS. FNS may use some of these funds not needed for audits for administrative reviews of child care sponsors for which the regional office is responsible. As authorized in Public Law 101-147, FNS will, through the end of Fiscal Year 1994, continue to administer grants to homeless shelters to determine the most effective way of providing meals to homeless children under the age of six.
- (d) Summer Food Service Program. Meals served free to children in low-income neighborhoods during the summer months are supported on a per-meal basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses.

The Child Nutrition and WIC Reauthorization Act of 1989 added a new section (q) to Section 13 of the NSLA which requires the Secretary to "establish a system under which the Secretary and States shall monitor the compliance of private nonprofit organizations." In recognition of the

vulnerability of this class of summer program sponsors to program abuse, 1/2 of 1 percent of the funds appropriated are authorized to carry out this function.

The Food and Nutrition Service will monitor high risk sponsors using federal reviewers during the summer months. This strategy will enable each of the seven regional offices to concentrate on these sponsors during the periods of operation. Headquarters staff will provide support for the review guides and resource planning. Nationally consistent review procedures will be used in all regional office reviews. All materials will be made available to State Agencies administering the program to assure consistent procedures. The goal will be to perform a review of every private nonprofit sponsor/site in the program. Priority for review will be given to the largest sponsors and sites and to those sponsors and sites identified "at risk" due to past problems. Reviews will be coordinated with State Agencies to the maximum extent practical. State plan and sponsor agreement information will be used to identify sponsors for review. Follow-up reviews and corrective action will be carefully coordinated with State Agencies.

- (e) State Administrative Expenses. These funds may be used for State employee salaries, benefits, support services and office equipment. The total amount

of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices.

2. Commodity Procurement. Entitlement commodities and cash-in-lieu thereof required under section 6(e) of the National School Lunch Act (NSLA) are provided from two sources: funds appropriated to the Child Nutrition Programs and funds available to the Agriculture Marketing Service (AMS) under section 32 of the Act of August 24, 1935. Commodities are purchased for distribution to the School Lunch, Child and Adult Care Food and Summer Food Service Programs. The minimum, or "entitlement" commodity support rate for all school lunch and child care center lunches and suppers served is mandated by section 6(e) of the National School Lunch Act and is adjusted annually on July 1 to reflect changes in the Producer Price Index for Food Used in Schools and Institutions.

Section 32. This authority provides for purchase of perishable non-price support commodities when it is necessary to stabilize market conditions. Within the constraints of market conditions seasonality of crops, and other factors, these purchases are planned so that commodities are delivered to schools on a regular basis throughout the year. The typical commodities purchased include meat, poultry, fish, fruits and vegetables.

Section 6(e) of the National School Lunch Act. Although market considerations play a role, this authority can be used to purchase price support and non-price support commodities based on recipient need and preference. Section 6(e) funds are used to provide schools with some of the perishable foods, such as meat, as well as non-perishable price support commodities (grains, oil, and peanut products) that they need. In addition, section 6(e) funds are used to provide cash-in-lieu of commodities when authorized by law. The areas currently receiving cash-in-lieu of commodities are Kansas, the sites which participated in the study of alternatives to commodity donation and which received commodity assistance in the form of cash-in-lieu of commodity letters of credit, adult care centers and child care centers which may elect to receive all of their commodity entitlement in cash.

Bonus Commodities. In addition to entitlement commodities, when supplies permit, "bonus" commodities are provided to schools and institutions. Outlets can obtain as much of some bonus commodities as they can use without waste; other bonus commodities are offered on a limited basis. Commodities are purchased by AMS and the Commodity Credit Corporation (CCC) and then donated to FNS for distribution. The two sources of bonus commodities are the Price Support Program and the Surplus Removal Program.

Price Support Program. When the Commodity Credit Corporation (CCC) acquires significant inventories of price support commodities, section 416 of the Agricultural Act of 1949 authorizes the CCC to donate commodities from its inventory to schools and other institutions. During Fiscal Year 1992, the Department donated butter, honey, flour and corn meal.

Surplus Removal Program. Under the provisions of Section 32, funds are available for emergency surplus removal purchases.

The Secretary of Agriculture determines when perishable commodities such as fruits and vegetables should be purchased and donated to schools and institutions under this surplus removal authority.

3. Coordinated Review Effort

FNS conducts NSLP program reviews in cooperation with State agencies in the National School Lunch Program to evaluate the accuracy of local and State meal service data, and provides training and technical support to schools to help improve local program administration and accountability. The Coordinated Review Effort replaces the Federal Review System and the State-conducted Assessment, Information, and Monitoring System (AIMS).

State training and transition activities occurred during the first quarter of Fiscal Year 1993 with actual reviews beginning before January. Fiscal Year 1994 will mark the first full year of Coordinated Review with all phases fully implemented.

4. Nutrition Studies and Education

- (a) Nutrition Studies and Surveys. Section 6(a)(3) of the NSLA authorizes the use of Child Nutrition Program funds for nutrition studies and surveys. The purpose of these studies and surveys is to provide descriptive and evaluative information about the programs in order to make informed decisions and improve program operations.
- (b) Nutrition Education and Training (NET). This program, established in 1977 by P.L. 95-166, the National School Lunch Act and Child Nutrition Amendments of 1977, has provided funds to State agencies for the development of comprehensive nutrition education and information programs for children participating in or eligible for school lunch and related Child Nutrition Programs. NET provides direct educational benefits to children. The program goals for NET include the instruction of educators and students in the fundamentals of nutrition and training of school food service personnel in nutrition and food service management to help build good food habits. Nutrition education resources and curricula are identified, developed and disseminated through NET.
- (c) Food Service Management Institute (FSMI). A Food Service Management Institute has been established in Mississippi to provide instruction for educators and school food service personnel in nutrition and food service management.
- (d) Dietary Guidelines. This funding will continue to provide support to schools and child care providers in implementing the Dietary Guidelines for Americans in food service operations. The request will fund meal pattern analysis and assessment, menu planning technical aids, recipe development and training, and assistance to State and local food service operators.

State/Federal Responsibilities. The Child Nutrition Programs are operated through a State/Federal partnership under agreements signed by State educational, agricultural, social service or health agencies and FNS. Through this Federal/State partnership, FNS has agreements with 85 State agencies. There are over 20,000 School Food Authorities which oversee the activities of over 92,000 schools, over 50 percent of which offer both lunch and breakfast. Typical Summer Food Service Program sponsors include School Food Authorities and local county or municipal governments. Currently there are over 2,800 sponsors for the Summer Food Service Program and over 11,000 sponsors of the Child and Adult Care Food Program (CACFP). There are currently over 191,000 child care centers and family day care homes participating in the CACFP.

FNS provides cash reimbursements for meals served by type and ensures that appropriate commodities are delivered on a timely basis. FNS also provides funds to help defray State administrative expenses. FNS also promulgates rules implementing the programs as defined by statute, including specifying nutritional requirements for the meals (i.e., meal patterns), meal counting and reporting procedures to ensure confidentiality of free and reduced price meal recipients while assuring accurate counts; requirements for cash and facilities management; and other administrative requirements.

JUSTIFICATION OF INCREASES AND DECREASES

The Fiscal Year 1994 request for the Child Nutrition Programs reflects an increase of \$617,376,000.

(1) A decrease of \$340,000 for administrative efficiency.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in Fiscal Year 1994, 6 percent in Fiscal Year 1995, 9 percent in Fiscal Year 1996, and 14 percent in Fiscal Year 1997.

Nature of Change. In order to achieve this savings, the Child Nutrition Programs will reduce non-salary administrative costs from Fiscal Year 1993 levels adjusted for inflation by \$65,000 in the Summer Food Service Program, by \$258,000 in Commodity Procurement, and by \$17,000 in the Coordinated Review Effort by limiting travel and other administrative expenses.

(2) An increase of \$216,442,000 in the appropriation for the School Lunch Program (\$4,110,794,000 budgeted in 1993). On the basis of available funds, there is an increase of \$196,789,183 (\$4,131,424,817 available in 1993).

Need for Change. The total number of school lunches is expected to increase by 72 million in Fiscal Year 1994 due to increased school enrollment and an increase in the number of children applying for free meals. The number of free meals is projected to increase by 1.7% in Fiscal Year 1994. The projected rise in reimbursement rates on July 1 reflecting increases in the Consumer Price Index (CPI) for Food Away from Home contributes to the need for increased funding.

Nature of Change. A funding level of \$4,327,236,000 will be needed in Fiscal Year 1994 for the School Lunch Program. This funding level will provide full reimbursement for meal service currently projected for Fiscal Year 1994.

School Lunch Program. Funding for the National School Lunch Program excluding commodities, is projected at \$4.3 billion in Fiscal Year 1994. This represents an increase of about 5 percent over the 1993 level of \$4.1 billion.

Total meals are projected to increase by about 1.7 percent over the Fiscal Year 1993 level.

School Lunch Program
Program Performance Data

	1992 <u>Actual</u>	1993 <u>Estimate</u>	1994 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty-----	1,925	1,885	1,917	+32
130%-185% of poverty-----	285	291	296	+5
below 130% of poverty-----	<u>1,880</u>	<u>2,009</u>	<u>2,044</u>	<u>+35</u>
	4,090	4,185	4,257	+72
Average participation: (millions)	24.5	25.0	25.5	+5
Average subsidy per meal (cents):				
Above 185% of poverty-----	16.1	16.3	16.9	+6
130%-185% of poverty-----	110.8	113.9	118.4	+4.5
Below 130% of poverty-----	150.9	154.1	158.5	+4.4
Commodities-----	14.0	14.0	14.0	--
PROGRAM TOTAL (million)-----	\$3,870	\$4,131	\$4,327	+196

- (3) An increase of \$89,189,000 in the appropriation for the School Breakfast Program (\$891,163,000 available in 1993).

Need for Change. An increase of 67 million meals is projected for Fiscal Year 1994. This increase is due in part to School Breakfast Program expansion grants awarded in previous years and which are funded at \$5 million in 1994.

The projected rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home contributes to the need for increased funding.

Nature of Change. An appropriation of \$980,352,000 will be needed in Fiscal Year 1994 for the School Breakfast Program.

School Breakfast Program. The requested level of funding for the School Breakfast Program is projected at \$980.4 million for Fiscal Year 1994. This is an increase of about 10 percent over the current services estimate for Fiscal Year 1993. The number of meals projected for Fiscal Year 1994 is 1,008 million. This represents an increase of 7 percent over the 1993 level. Expansion grants amounting to \$5 million a year are being made available to States for Breakfast outreach programs. The total number of outlets increased by about 8.8 percent between Fiscal Year 1991 and Fiscal Year 1992.

School Breakfast Program
Program Performance Data

	1992 <u>Actual</u>	1993 <u>Estimate</u>	1994 <u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Above 185% of poverty---	102	105	112	+7
130%-185% of poverty---	44	47	50	+3
Below 130% of poverty---	<u>702</u>	<u>790</u>	<u>846</u>	<u>+56</u>
	848	942	1,008	+66

Average participation				
(millions)-----	5.1	5.6	6.0	+ .4

School Breakfast Program
Program Performance Data

	1992	1993	1994	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Average subsidy per				
meal (cents):				
Paid-----	18.6	18.9	19.3	+ .4

School Breakfast Program
Program Performance Data

	1992	1993	1994	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Reduced price:				
Regular-----	63.4	65.2	67.7	+2.5
Severe need-----	80.7	82.8	85.8	+3.0
Free:				
Regular-----	93.2	95.0	97.6	+2.6
Severe need-----	110.6	112.7	115.7	+3.0
PROGRAM TOTAL (millions)	\$801	\$891	\$980	+89

- (4) An increase of \$255,286,000 in the appropriation for the Child and Adult Care Food Program (\$1,273,160,000 available in 1993).

Need for Change. The current request projects an increase of 269 million meals for Fiscal Year 1994 in child care centers, family day care homes and adult day care centers.

The rise in reimbursement rates on July 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation level of \$1,528,446,000 will be needed in Fiscal Year 1994 to provide full reimbursement for meals served in the Child and Adult Care Food Program.

The effect of the President's investment proposal providing expanded funding for Head Start programs will increase the appropriation request for this program by \$110,327,000 in fiscal year 1994. This amount will fully fund an additional 106.5 million meals which will be served in child care centers.

Child and Adult Care Food Program. The funding estimate for the Child and Adult Care Food Program in Fiscal Year 1994, including the President's investment proposal, is \$1.639 billion excluding commodities. This represents an increase of 24 percent over the adjusted fiscal year 1993 level of \$1.327 billion for 1993.

Child and Adult Care Food Program
Program Performance Data

	1992	1993	1994	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Centers				
Above 185% of poverty---	173	178	190	+12

130%-185% of poverty---	45	51	55	+4
below 130% of poverty--	<u>351</u>	<u>471</u>	<u>623</u>	+152
	569	700	868	+168
Family Day Care Homes--	612	699	799	+100
Average subsidy per meal (cents):*				
Above 185% of poverty--	16.1	16.3	16.8	+.5
130%-185% of poverty--	85.8	88.4	91.9	+3.4
Commodities-----	14.0	14.0	14.0	--
Below 130% of poverty---	115.8	118.3	121.9	+3.4
Family Day Care Homes-	108.2	110.7	113.8	+3.1
PROGRAM TOTAL (millions)	\$1,090	\$1,327	\$1,647	+313

*Rates are a blend of all reimbursement levels within an income category.

(5) A net increase of \$24,218,000 in the appropriation for the Summer Food Service Program (\$230,394,000 appropriated in 1993). The increase consists of:

- (a) A net increase of \$130,544 which includes an inflationary increase of 195,544 and a 3 percent reduction in administrative expenses of \$65,000 from the amount made available for Fiscal Year 1993 adjusted for inflation.
- (b) A net decrease of \$17,518 for pay cost which reflects presidential cost cutting initiatives, including an increase for inflation of \$70,649 and a reduction of \$88,167.
- (c) An increase of \$24,104,974 in grants to States for the Summer Food Service Program.

Need for Change. An increase of 8.9 million meals is projected for Fiscal Year 1994 for a total of 126.2 million meals. The projected rise in the reimbursement rate on January 1 reflecting increases in the CPI for Food Away from Home will contribute to the need for increased funding.

Nature of Change. An appropriation of \$254,612,000 will be needed in the Summer Food Service Program in Fiscal Year 1994 to provide full reimbursement for meals served and continuation of program operations.

The Summer Food Service Program estimate of \$255 million for Fiscal Year 1994 provides for an increase of about 11 percent over the 1993 level.

Federal Reviews of private nonprofit sponsors and sites are conducted every summer. An estimated 300 private nonprofit sponsors and 600 sites will be reviewed by Federal personnel in FY 1993.

Summer Food Service Program Program Performance Data

	1992	1993	1994	
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Change</u>
Meals served (millions):				
Summer Food Program-----	105.3	117.3	126.2	+8.9

Average subsidy per
meal (cents):

Summer rates :

Lunch-----	201.0	205.5	211.3	+5.8
Breakfast-----	112.0	114.5	117.5	+3.0
Supplements-----	52.8	54.0	55.5	+1.5
PROGRAM TOTAL				
(millions)-----	\$202.9	\$230.4	\$254.6	+24.2
Reviews (SY)	15	15	15	--
Direct Administration				
(SY)	18	20	20	--

- (6) A net increase of \$9,652,000 in the appropriation for State Administrative Expenses (\$77,086,000 available in 1993). The increase consists of:

- (a) An increase of \$77,274 for pay costs which will provide for the effects of inflation.
- (b) An increase of \$9,574,726 for State administrative expenses.

Need for Change. The increase is due to the rise in meal service in Fiscal Year 1992 which is the base year for grant formulation.

Nature of Change. An appropriation of \$86,738,000 will be needed in Fiscal Year 1994 for State Administrative Expenses. Each State will receive a grant of at least one percent of the funds expended by the State during Fiscal Year 1992 with a minimum grant of \$100,000. The funds available above the basic grant will be allocated to the States to improve program administration.

State Administrative Expenses. State Administrative Expense funds are used for State employee salaries, benefits, support services and office equipment. The total amount of State Administrative Expenses available for allocation to States is equal to 1.5 percent of Federal cash program payments for the National School Lunch, School Breakfast, Child and Adult Care Food and Special Milk Programs in the second previous fiscal year. Some States are prohibited by law and some States choose not to administer the programs in private schools and institutions. In these States, FNS directly administers the programs through its regional offices. In Fiscal Year 1994, approximately \$1.9 million of the estimated \$86.7 million in State Administrative Expense funds will be applied to FNS costs of directly operating Child Nutrition Programs in eight States. This amount will support a total of 30 staff years.

- (7) A net increase of \$18,353,000 in the appropriation for Commodity Procurement (\$222,680,000 available in 1993). The increase consists of:

- (a) A decrease of \$258,000 which reflects a 3 percent reduction in administrative expenses from the amount made available for Fiscal Year 1993 adjusted for inflation.
- (b) An increase of \$18,611,000 for commodity procurement activities.

Need for Change. Overall Federal entitlement commodity support will increase by \$18.4 million in Fiscal Year 1994 as required by law. This increase includes funds for Federal program administrative costs related to USDA tri-agency commodity procurement, the Processed Commodity Inventory Management System (PCIMS), as well as funds for ADP systems. Additional development funds in the amount of \$2.5 million dollars are required to maintain and enhance PCIMS in Fiscal Year 1994. The majority of this amount will be used to pay the FNS share of system

enhancements to connect State agencies to the Federal system, and provide for other modifications to tighten USDA control of the 8 different appropriation accounts that fund the commodity programs. State connectivity will expand program automation by allowing electronic input of commodity orders at the State level and electronic access to reports that are currently available to States only in hard copy.

Nature of Change. An appropriation of \$241,033,000 will be needed to fund all aspects of commodity procurement.

Commodities. The FNS commodity activity includes funding for food as well as for administrative costs associated with purchasing, distributing and tracking child nutrition commodities. In Fiscal Year 1994, \$470,000 is budgeted for Agricultural Marketing Service administrative costs resulting from commodity purchasing and shipping activities. Administrative costs budgeted for the Agricultural Stabilization and Conservation Service total \$1,475,000. Computer support costs for the Software Renewal Project, State connectivity, and NCC processing total \$1.3 million. Funding is also included for the operation of PCIMS which was developed to provide more accurate information on commodity purchases, allocation and payments. The current estimate for 1994 shows a slight change in the projected commodity reimbursement rate based on a forecast of the Producer Price Index.

Commodity Cost Data
(\$ millions)

	1992	1993	1994
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
School Lunch:			
CN Appropriation:			
Commodity Purchases----	171.0	185.4	191.5
Administrative Costs			
Computer Support-----	0.9	.6	1.3
AMS Admin-----	0.1	.4	.5
ASCS Admin-----	0.8	1.4	1.5
PCIMS-----	1.0	1.6	2.5
Section 32 Commodities--	<u>400.0</u>	<u>400.0</u>	<u>400.0</u>
School Lunch Total-----	573.8	589.4	597.3
Child and Adult Care			
Commodities/Cash----	28.6	34.7	42.4
Summer Food Service			
Commodities	0.9	.9	1.6
TOTAL COMMODITY COSTS	\$603.3	\$625.0	\$641.3

(8) A net increase of \$63,000 in the appropriation for the Coordinated Review Effort (\$3,780,000 appropriated in 1993). The change consists of:

(a) A decrease of \$5,792 which includes an inflationary increase of 11,208 and a 3 percent reduction in administrative expenses of \$17,000 from the amount made available in Fiscal Year 1993 adjusted for inflation.

(b) A net increase of \$68,748 for pay costs which reflects presidential cost cutting initiatives including an inflationary increase of \$170,183 and a reduction of \$101,435.

Need for Change. The Coordinated Review Effort (CRE) was authorized by P.L. 101-147, the WIC and Child Nutrition Reauthorization Act of 1989.

CRE replaces the Federal Review System and the State-conducted Assessment, Information, and Monitoring System (AIMS) with a unified review system. Federal personnel will work with State and local personnel to conduct management evaluations and local reviews to ensure that meals are being counted and claimed accurately and to provide technical assistance when necessary.

Nature of Change. An appropriation of \$3,843,000 will be needed in Fiscal Year 1994 to fund the Coordinated Review Program.

- (9) An increase of \$473,000 in the appropriation for Nutrition Education, Nutrition Studies and Surveys, the Food Service Management Institute and the Dietary Guidelines. (\$17,496,000 available in 1993).

Need for change. This amount represents a increase of \$104,000 in studies and surveys and an increase of \$270,000 for the Nutrition Education and Training program; an increase of \$45,000 for the Food

Service Management Institute; and an additional \$54,000 for Dietary Guidelines. These increases maintain the current level of operations.

Nature of change. An appropriation of \$17,969,000 will be needed to fund these programs in Fiscal Year 1994.

Nutrition Studies and Education is authorized in Section 6(a)(3) of the National School Lunch Act for necessary surveys and studies of the requirements for food service programs. The 1994 current law request of \$3.9 million will be used to fund an extensive study of the nutritional impact of the Child and Adult Care Food Program and to support research to assist in implementation of the Dietary Guidelines.

Nutrition Education and Training. The requested funding level of \$10.3 million for the Nutrition Education and Training Program is within the level authorized in Section 19(1)(2) of the Child Nutrition Act of 1966.

Food Service Management Institute. The current services request includes a level of \$1.7 million for maintenance of operations at the food Service Management Institute, which was authorized by Public Law 101-147.

Dietary Guidelines

This funding will continue to provide support to schools and child care providers in implementing the Dietary Guidelines for Americans in food service operations. The request maintains the current level of \$2.0 million for meal pattern analysis and assessment, menu planning technical aids, recipe development and training and assistance to State and local food service operators.

- (10) An appropriation of \$3,700,000 to fund Section 17(p) demonstration projects.

Need for Change. The National School Lunch Act authorizes two statewide demonstration projects under which private for-profit organizations providing non-residential day care services qualify for inclusion in the program. P.L. 102-342 reauthorized this demonstration, subject to the availability of appropriations.

Nature of Change. A funding level of \$3,700,000 will be needed to fully fund the program in Fiscal Year 1994.

Child Nutrition Programs
Summary of Investment Proposal

SUMMARY OF INCREASES AND DECREASES - INVESTMENT PROPOSAL

	<u>1994</u>		
<u>Item of Change</u>	<u>Base Request</u>	<u>Investment Proposal</u>	<u>Total Request</u>
School Lunch Program.....	4,327,236,000		4,327,236,000
School Breakfast Program..	980,352,000		980,352,000
Child and Adult Care Food Program.....	1,528,446,000	110,327,000	1,638,773,000
Summer Food Service Program	254,612,000		254,612,000
State Administrative Expenses.....	86,738,000		86,738,000
Commodity Procurement a/..	241,033,000	4,673,000	245,706,000
Coordinated Review Effort.	3,843,000		3,843,000
Nutrition Studies and Surveys.....	3,939,000		3,939,000
Nutrition Education and Training.....	10,270,000		10,270,000
Food Service Management Institute.....	1,706,000		1,706,000
Dietary Guidelines.....	2,054,000		2,054,000
Section 17(p) Demos.....	<u>3,700,000</u>		<u>3,700,000</u>
Total Appropriation.....	<u>7,443,929,000</u>	<u>115,000,000</u>	<u>7,558,929,000</u>

a/ In addition, \$400.0 million is available for entitlement commodity procurement from Section 32.

Explanation of Investment Proposal

The additional funding will provide meal reimbursement and commodity assistance for the additional meals generated by the President's proposal to provide additional funding to expand Head Start enrollment.

Proposed Language

In addition to funding already provided, \$115,000,000 for necessary expenses of the Child Nutrition Programs.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Milk Program:

For necessary expenses to carry out the Special Milk Program, as authorized by section 3 of the Child Nutrition Act of 1966 (42 U.S.C. 1772), [~~\$14,898,000~~] \$20,277,000, to remain available through September 30, [1994] 1995. Only final reimbursement claims for milk submitted to State agencies within sixty days following the month for which the reimbursement is claimed shall be eligible for reimbursement from funds appropriated under this Act. States may receive program funds appropriated under this Act only if the final program operations report for such month is submitted to the Department within ninety days following that month. Exceptions to these claims or reports submission requirements may be made at the discretion of the Secretary.

This change makes the appropriation available until September 30, 1995.

SPECIAL MILK PROGRAM

Appropriations Act, 1993	\$14,898,000
Budget Estimate, 1994	<u>20,277,000</u>
Increase in Appropriation	<u>+5,379,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	1993 <u>Estimated</u>	Other <u>Change</u>	1994 <u>Estimated</u>
Cash payments to States.....	<u>\$14,898,000</u>	<u>+\$5,379,000</u>	<u>\$20,277,000</u>

PROJECT STATEMENT

(On basis of appropriation)

	1992	1993	Increase or	1994
<u>Project</u>	<u>Actual</u>	<u>Estimated</u>	<u>Decrease</u>	<u>Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% poverty)	\$21,239,153:	\$13,676,000:	+4,899,000:	\$18,575,000
(b) Free milk (<130% poverty)	1,771,847:	1,222,000:	+480,000:	1,702,000
Total, Appropriation.....	<u>23,011,000:</u>	<u>14,898,000:</u>	<u>+5,379,000(1):</u>	<u>20,277,000</u>

PROJECT STATEMENT

(On basis of available funds)

	1992	1993	Increase or	1994
<u>Project</u>	<u>Actual</u>	<u>Estimated</u>	<u>Decrease</u>	<u>Estimated</u>
1. Cash payments to States:				
(a) Paid milk (>130% poverty).....	\$19,934,641:	\$18,360,000:	+469,187	\$18,829,187
(b) Free milk (<130% poverty).....	1,652,188:	1,663,000:	+ 39,000	1,702,000
Total, obligation.....	<u>21,586,829:</u>	<u>20,023,000:</u>	<u>+508,187</u>	<u>20,531,187</u>
Unobligated balances				
Recovery of prior obligations.....	-645,262:	—	—	—
Unobligated balances				
Available, start of year	-4,772,623:	-5,379,187:	+5,125,000	-254,187
Available, end of year....	+5,379,187:	+254,187:	-254,187	—
Expiring.....	+1,462,869:			
Total, Appropriation.....	<u>23,011,000:</u>	<u>14,898,000:</u>	<u>+5,379,000(1):</u>	<u>20,277,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. Originally designed to support milk prices while encouraging children to drink more milk, the Special Milk Program was first funded by the Commodity Credit Corporation in 1955. The Agricultural Act of 1961 authorized the first direct appropriation for the Program. The Special Milk Program is now authorized by Section 3 of the Child Nutrition Act of 1966, as amended.

Eligibility. Eligible institutions include public and private nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. In addition, children in split session kindergarten programs in public or private non-profit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

Benefits. The program provides institutions with subsidies for half-pints of milk served to children. In Fiscal Year 1993, approximately 179 million half-pints of milk will be served in the Special Milk Program. These include about 167 million half-pints served to children whose family income is above 130 percent of poverty and about 12 million half pints served free to children whose family income is at or below 130 percent of poverty. During Fiscal Year 1993, the average full cost reimbursement for milk served to needy children is expected to be 14.33 cents for each half-pint. Milk served to non-needy children is estimated to be reimbursed at 11.00 cents for each half pint. The cash reimbursement rate for non-needy children is adjusted annually on July 1.

State/Federal Responsibilities. The program is operated through a partnership under agreements signed by State educational, social service or health agencies and the Food and Nutrition Service. State agencies administer the program through local school food authorities or other institutions. FNS provides cash reimbursements for milk served to eligible children and also provides funds for State administrative expenses relating to the program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$5,379,000 is requested in the appropriation for the Special Milk Program (\$14,898,000 appropriated in 1993). On the basis of available funds, there is an increase of \$508,187 (\$20,023,000 available in 1993).

Need for change. The increase in funds reflects the current estimate of funds needed to maintain the program in Fiscal Year 1994 due to adjustments for inflation and program participation. Fiscal Year 1994 will be funded in part by the availability of unobligated carryover funds at the start of the fiscal year.

Nature of change. An appropriation level of \$20,277,000 plus carryover of funds from Fiscal Year 1993 estimated at \$.3 million will be needed in Fiscal Year 1994 to provide reimbursement for milk served in the Special Milk Program. Participation continues to grow at a low level. Reimbursement rates for both paid and free milk are also expected to grow at a low level in Fiscal Year 1994.

	<u>1992</u> <u>Estimate</u>	<u>1993</u> <u>Estimate</u>	<u>1994</u> <u>Estimate</u>
Half-pints served (thousands)			
Paid (above 130% of poverty)	164,475	166,907	170,245
Free 130% of poverty or below)	<u>10,534</u>	<u>11,603</u>	<u>11,835</u>
Total	<u>175,009</u>	<u>178,510</u>	<u>182,080</u>
Reimbursement Rates (cents)			
Paid	11.00	11.00	11.06
Free	14.16	14.33	14.38

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Special Supplemental Food Program for Women, Infants, and Children (WIC):

- For necessary expenses to carry out the special supplemental food program as authorized by section 17 of the Child
- 1 Nutrition Act of 1966 (42 U.S.C. 1786), [\$2,860,000,000]
\$2,937,220,000 to remain available through September 30, [1994]
 1995 of which up to \$3,000,000 may be used to carry
 - 2 out the farmer's market coupon [demonstration project] program:
Provided, That until revised allocation regulations have been
issued, the Secretary may waive regulations governing allocations
 - 3 as necessary to ensure funds are received by States most in need.

The first change makes the appropriation available until September 30, 1995.

The second change recognizes the status of the Farmer's Market Coupon Program, which was authorized as a permanent program by Public Law 102-314, enacted on July 2, 1992.

The third change provides for the waiver of existing allocation rates to ensure the distribution of funds to those States furthest from full funding.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

Appropriations Act, 1993.....	\$2,860,000,000
Budget Estimate, 1994	<u>2,937,220,000</u>
Increase in Appropriations	<u>77,220,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Special Supplemental Food Program (WIC)	<u>\$2,860,000,000</u>	<u>+\$77,220,000</u>	<u>\$2,937,220,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
Spec. Supplemental Food Program (WIC):				
(a) Grants to States for supplemental food	\$1,949,355,372	\$2,145,764,000	+\$55,716,000	\$2,201,480,000
(b) Costs for nutrition svcs and admin.	642,644,628	706,236,000	+21,504,000	727,740,000
(c) Farmers' Market Projects.....	3,000,000	3,000,000	--	3,000,000
(d) Program eval. projects.....	5,000,000	5,000,000	--	5,000,000
Total, Appropriation	2,600,000,000	2,860,000,000	+77,220,000	2,937,220,000
Economic Stimulus..		75,000,000	-75,000,000	
Investment Proposal:			+350,000,000	350,000,000
Total, President's Budget.....		2,935,000,000	+352,220,000	3,287,220,000

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
Special Supplemental Food Program (WIC)				
(a) Grants to States for Supplemental food.....	\$1,998,336,867	\$2,175,363,148	+\$33,064,852	\$2,208,428,000
(b) Costs for nutrition services and administration:	666,112,289	715,284,000	+14,508,000	729,792,000
(c) Farmers' Market Project.....	3,000,000	3,000,000	--	3,000,000
(d) Program evaluation projects.....	5,026,674	5,000,000	--	5,000,000
TOTAL, Obligations	2,672,475,830	2,898,647,148	+47,572,852	2,946,220,000

PROJECT STATEMENT
(On basis of available funds)

Project	: 1992 : Actual	: 1993 : Estimated	: Increase or : Decrease	: 1994 : Estimated
Recovery of prior obligations.....	-73,381,806:	-45,000,000:	45,000,000:	--
Unobligated balances :	:	:	:	:
Avail., start of year:	-2,672,135:	-2,647,148:	-6,352,852:	-9,000,000
Avail., end of year :	+2,647,148:	+9,000,000:	-9,000,000:	--
Expiring.....	+930,963:	--	--	--
Total, Appropriation:	2,600,000,000:	2,860,000,000:	+77,220,000:	2,937,220,000
Economic Stimulus....	:	75,000,000:	-75,000,000:	:
Investment Proposal..:	:	:	+350,000,000:	350,000,000
Total, President's Budget.....	:	2,935,000,000:	+352,220,000:	3,287,220,000

EXPLANATION OF PROGRAM

Overview of Program Development. The Special Supplemental Food Program for Women, Infants and Children (WIC) is authorized by section 17 of the Child Nutrition Act of 1966, as amended. The program was established as a two-year pilot project under Public Law 92-433. Public Law 96-499, enacted on December 5, 1980, extended the program authorization through September 30, 1984. The authorization was extended through 1989 by Public Laws 99-500 and 99-591, the School Lunch and Child Nutrition Amendments of 1986. Public Law 101-147, the Child Nutrition and WIC Reauthorization Act of 1989, authorizes the program through September 30, 1994.

Eligibility. Funds are made available to local health clinics or other service sites through State departments of health and to Indian Tribal Organizations to provide supplemental foods to low-income pregnant, postpartum and breastfeeding women, to infants, and to children up to five years of age who are determined by competent professionals (physicians, nutritionists, nurses and other health officials) to be at nutritional risk.

Benefits. The WIC Program is intended to promote good health among mothers and their children by encouraging breastfeeding, providing nutrition education referrals to health services, and supplement recipients' existing diets with food packages designed to provide foods rich in nutrients often lacking in the diets of the WIC Program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter. For women who exclusively breastfeed, a special package which includes tuna and carrots is available.

The WIC program encourages breastfeeding in an effort to raise breastfeeding rates toward the U.S. Surgeon General's goal, which is to increase to at least seventy five percent the proportion of mothers who breastfeed their babies in the early postpartum period and to at least fifty percent the proportion who continue breastfeeding until their babies are 5 to 6 months old. USDA has added an enhanced food package offering more types and quantities of foods to women who breastfeed their infants and receive no infant formula through the WIC Program.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. WIC benefits are free of charge to all participants. Expansion of cost containment measures, especially infant formula rebates, and increases in appropriated funds have allowed the number of people who can be served by the program to increase.

State/Federal Responsibilities. The program is administered in a Federal/State partnership in which FNS provides cash grants to States for food and administrative expenses. States develop operating plans which, after consideration of public comment and FNS approval as required by statute and Federal regulations, define how the State will implement the program for the year. States then enter into written agreements with local agencies and allocate administrative money to local health care agencies and clinics where

WIC programs are administered. In retail purchase States, the local clinics prescribe food packages by providing participants "food instruments" each month which the participants exchange for foods at approved retail grocery stores. The form of the food instruments varies from State to State; they may be vouchers or checks. Where food instruments are checks, retailers deposit them in a bank before their expiration date. Vouchers must be submitted to a State or local WIC agency before their expiration date and the retailers are paid within 60 days. The States are responsible for monitoring retailers and assuring the integrity of the redemption system. Presently, over 47,000 retailers are authorized to participate in the program.

FNS provides funds for the cost of the food packages and the costs of administering the program, including nutrition education and health care referrals. Food funds are allocated to States for food costs on the basis of a funding formula which takes into consideration previous funding, benefit targeting, inflation and each state's number of income eligible persons, low weight births, and infant mortality rates. Administrative funds are allocated among the States for costs for nutrition services and administrative costs associated with the WIC Program. These costs include certifying participant eligibility, food delivery and warehousing, monitoring, nutrition education, breastfeeding promotion, health care coordination and referral, drug abuse education, financial management, systems development and operations, clinic operations and administration by State agencies. Slightly more than one-sixth of these administrative funds must be used for breastfeeding promotion and support and nutrition education activities. Up to one-half of one percent of sums appropriated, not to exceed \$5 million, may be made available for evaluation of program performance.

State Food Cost Containment Initiatives to Expand Participation. The Commodity Distribution Reform Act and WIC Amendments of 1987, P.L. 100-237, the Rural Development, Agriculture and Related Agencies Appropriations Act of 1989, P.L. 100-460, and the Child Nutrition and WIC Amendments Reauthorization

Act, P.L. 101-147, require State agencies with retail food delivery systems to use a single supplier competitive bidding system or a system with equal savings for the procurement of infant formula. Savings from these efforts are to be used to expand program participation. Further, since increasing participation would increase administrative costs, P.L. 101-147 authorized administrative funding based on a per participant allocation, annually adjusted for the increased costs of providing State and local services.

The total amount of savings from rebates for Fiscal Year 1992 is estimated at more than \$700 million, supporting an average 1,200,000 participants each month. For Fiscal Year 1993, savings are projected at over \$800 million, and will support over 1,300,000 participants each month.

P.L. 101-147 permits State agency fiscal year spend forward authority from the second year of implementation of an approved cost-containment system in an amount equal to 3 percent of the States' food grant, and 5% of the food grant in the first year. P.L. 101-147 also permits State agencies with approved cost containment systems to use funds from the first quarter of a fiscal year to cover obligations incurred during the fourth quarter of the preceding year.

Farmer's Market Nutrition Program (FMNP)

The Hunger Prevention Act of 1988, P.L. 100-435, authorized FNS to award grant funds for up to ten three-year demonstration projects to provide WIC participants with coupons that can be redeemed for fresh, unprepared foods at authorized farmers' markets. The following States were selected through a competitive grant application process to administer the projects: Connecticut, Iowa, Maryland, Massachusetts, Michigan, New York, Pennsylvania, Texas, Vermont, and Washington. A permanent WIC Farmers' Market Nutrition Program (FMNP) which allows additional States to participate in the program, subject to appropriation, was authorized by WIC Farmers' Market Nutrition Act of 1992, Public Law 102-314, enacted on July 2, 1992. The FMNP grandfathers in the States which participated in the earlier demonstration project. In Fiscal Year 1993 \$3.0 million will be allocated to these States based on the same pro rata share of available funds as they received in Fiscal Year 1992.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$77,220,000 in the appropriation for WIC (\$2,860,000,000 appropriated in 1993). On the basis of available funds there is an increase of \$47,572,852 (\$2,898,647,148 available in 1993). The appropriations increase consists of:

- (a) An increase of \$55,716,000 in State WIC food grants (\$2,145,764,000) budgeted in 1993.

Need for Change. This increase will fund inflationary increases in the cost of WIC foods. The investment proposal together with this increase will serve about 6.4 million at-risk pregnant women, infants and children each month, the most vulnerable members of the low-income population.

Nature of Change. Including the Economic Stimulus for Fiscal Year 1993 and the Investment Proposal, the average monthly cost per person will rise from \$31.02 in Fiscal Year 1993 to \$32.03 in Fiscal Year 1994. Program participation will rise from 6.0 million to 6.4 million persons per month.

- (b) An increase of \$21,504,000 in the cost of nutrition education and administrative services (\$706,236,000 budgeted in 1993).

Need for Change. This increase will fund inflationary increases in the cost of providing WIC nutrition education and counseling, State ADP systems development, and other administrative services. The investment proposal together with this increase will fund about 6.4 million at-risk pregnant women, infants and children each month in 1994.

Nature of Change. Including the Economic Stimulus for Fiscal Year 1993 and the Investment Proposal, the monthly administrative grant per participant will rise from \$10.18 to \$10.43 per month.

Special Supplemental Food Program (WIC)
Summary of Investment Proposals

SUMMARY OF INCREASES AND DECREASES - INVESTMENT PROPOSAL

Item of Change	1994		
	<u>Base Request</u>	<u>Investment Proposal</u>	<u>Total Request</u>
Special Supplemental Program (WIC):			
(a) Grants to States for supplemental food.....	\$2,201,480,000	+\$268,451,000	\$2,469,931,000
(b) Costs for nutrition services and administration.....	727,740,000	+81,549,000	809,289,000
(c) Farmers' Market Projects.....	3,000,000	--	3,000,000
(d) Program evaluation projects.....	5,000,000	--	5,000,000
Total Available.....	<u>2,937,220,000</u>	<u>+350,000,000</u>	<u>3,287,220,000</u>

Explanation of Investment Proposal

The additional funding will support the Administration's commitment in the long-term investment plan to full funding for WIC so that it serves all eligible women, infants, and children.

Proposed Language

In addition to funding already provided, \$350,000,000 for necessary expenses of the Special Supplemental Food Program (WIC).

Special Supplemental Food Program
for Women, Infants and Children, (WIC)

	1992 <u>Actual</u>	1993 <u>Estimate</u>	1994 <u>Estimate</u>	<u>Change</u>
Average Participation per month (in millions) <u>1/</u>	5.4	6.0	6.4	+0.4
Average Cost per person per month				
Food Costs.....	\$30.17	\$31.02	\$32.03	+\$1.01
Administrative Cost.....	<u>10.20</u>	<u>10.18</u>	<u>10.43</u>	<u>+.25</u>
Total	40.37	41.20	42.46	+\$1.26
Program level (\$ in millions):				
Current Law.....	\$1,998.4	\$2,175.3	\$2,208.4	+\$33.1
Economic Stimulus.....	--	57.5	--	-57.5
Investment Proposal.....	<u>--</u>	<u>--</u>	<u>268.3</u>	<u>+268.3</u>
Food Costs.....	1,998.4	2,232.8	2,476.7	+\$243.9
Current Law.....	666.1	715.3	729.8	+\$14.5
Economic Stimulus.....	--	17.5	--	-17.5
Investment Proposal.....	<u>--</u>	<u>--</u>	<u>81.7</u>	<u>+81.7</u>
State and local administrative costs.....	666.1	732.8	811.5	+\$78.7
Farmers' Market Projects.....	3.0	3.0	3.0	--
Program evaluation projects.....	<u>5.0</u>	<u>5.0</u>	<u>5.0</u>	<u>--</u>
Total <u>2/</u>	\$2,672.5	\$2,973.6	\$3,296.2	+\$322.6

1/ A portion of the estimated participation is supported by anticipated recoveries from previous year.

2/ Includes estimated recoveries and reallocated funds.

COMMODITY SUPPLEMENTAL FOOD PROGRAM

Appropriations Act, 1993.....	\$94,500,000
Budget Estimate, 1994.....	<u>94,500,000</u>
Change in Appropriation.....	<u> -- </u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1993</u> <u>Estimated</u>	<u>Other</u> <u>Changes</u>	<u>1994</u> <u>Estimated</u>
Commodity Supplemental			
Food Program	\$ <u>94,500,000</u>	\$ <u> -- </u>	\$ <u>94,500,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	<u>1992</u> <u>Actual</u>	<u>1993</u> <u>Estimated</u>	<u>Increase or</u> <u>Decrease</u>	<u>1994</u> <u>Estimated</u>
Commodity Supplemental				
Food Program (CSFP)				
Commodities.....	\$72,000,000:	\$75,600,000:		\$75,600,000
Administrative costs:	18,000,000:	18,900,000:	--	18,900,000
Total, Appropriation..:	<u>90,000,000:</u>	<u>94,500,000:</u>	<u>--</u>	<u>94,500,000</u>

PROJECT STATEMENT

(On basis of available funds)

<u>Project</u>	<u>1992</u> <u>Actual</u>	<u>1993</u> <u>Estimated</u>	<u>Increase or</u> <u>Decrease</u>	<u>1994</u> <u>Estimated</u>
Commodity Supplemental				
Food Program (CSFP)				
Commodities.....	\$78,109,000:	\$75,600,000:		\$75,600,000
Administrative costs...	18,257,203:	18,900,000:	--	18,900,000
Total Obligations	<u>96,366,203:</u>	<u>94,500,000:</u>	<u>--</u>	<u>94,500,000</u>
Recovery of prior year:				
obligations	-259,883:	--	--	--
Unobligated balances...				
Available, start of year	-6,109,462:	--		--
Available, end of year:		--	--	--
Expiring.....	+3,142:			
Total, Appropriation...:	<u>90,000,000:</u>	<u>94,500,000:</u>	<u>--</u>	<u>94,500,000</u>

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Supplemental Food Program:

1 For necessary expenses to carry out the Commodity Supplemental Food Program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), including not less than \$8,000,000 for the projects in Detroit, New Orleans, and Des Moines, \$94,500,000, to remain available through September 30, [1994] 1995: Provided, That none of these funds shall be available to reimburse the Commodity Credit Corporation for commodities donated to the program.

This change makes the appropriation available through September 30, 1995.

EXPLANATION OF PROGRAM

Overview of Program Development. Instituted in November 1968 through Public Law 90-463, the Commodity Supplemental Food Program (CSFP) is now authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended. The elderly component of CSFP was initiated by the Agriculture and Food Act of 1981, P.L. 97-98, which provided for pilot projects for low-income elderly persons in Polk County, Iowa and in Detroit, Michigan. These projects began operations in September, 1982 and a pilot project in New Orleans, Louisiana, began after authorization by P.L. 97-370, December 18, 1982. The Food Security Act of 1985, P.L. 99-198, provided that funds available beyond those needed to serve women, infants, and children could be used to serve elderly persons beyond those participating in the original pilot project sites. The program was reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624. This law increased administrative funding from 15 percent to 20 percent of funds appropriated, discontinued administrative funding based on the value of donated commodities, and allowed establishment of elderly-only sites.

Eligibility and Benefits. This program provides foods purchased by USDA to infants and children up to age six and to pregnant, postpartum and breastfeeding women and senior citizens who have low incomes and are residing in approved project areas. The foods are provided by the Department of Agriculture for distribution through State agencies and are intended to supplement food acquired by recipients with their own money, the Food Stamp Program, or other resources. The authorized commodities are iron-fortified infant formula and cereal, adult cereals, canned juice, evaporated milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry or tuna, egg mix, dehydrated potatoes, rice or pasta, and peanut butter or dry beans. Elderly participants are eligible to receive all commodities except iron-fortified infant formula and infant cereal.

CSFP participants sometimes receive "bonus" commodities in addition to the basic food package. As required by P.L. 101-624, 9 million pounds of cheese will be provided as a bonus commodity in Fiscal Years 1993 and 1994, if available, through the Commodity Credit Corporation (CCC) inventory.

When an excess of appropriate commodities are held in CCC inventory, they may be donated by CCC without charge to the CSFP appropriation and used to fulfill part of the entitlement. Such donated commodities are referred to as "free foods." In both Fiscal Years 1993 and 1994, a total of 4 million pounds each year of nonfat dry milk will be donated to this program as required by P.L. 101-624 to the extent that the CCC inventory levels permit. Since free foods are not charged against the CSFP appropriation, funds that are saved can be made available for participant service.

State/Federal Responsibilities. The CSFP is operated as a State/Federal partnership under agreements signed by State health care or agricultural agencies and the Food and Nutrition Service. The Federal government provides all commodities distributed to participants through the program. Under current law, States are given 20 percent of the Federal funds appropriated to cover administrative costs. Allowable costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

	FY 1992 <u>Actual</u>	FY 1993 <u>Estimate</u>	FY 1994 <u>Estimate</u>	<u>Change</u>
Caseload (in thousands):				
women, infants, children ..	252	246	246	--
CSFP/Elderly	146	142	127	-15
Avg. Participation (in thousands)				
women, infants, children ..	222	246	246	--
CSFP/Elderly	120	141	127	-14
Program Level (\$ in millions)				
Distributed food costs ...	\$66.2	\$75.1	\$75.0	-0.1
Inventory Restoration				
Americold fire <u>1</u> /.....	3.6			
Disaster and other losses	1.8			
Inventory change.....	<u>6.2</u>			
Total.....	11.6	--	--	--
State and local admin.				
costs	18.3	18.9	18.9	--
Commodity Administrative Cost & PCIMS	<u>.3</u>	<u>.5</u>	<u>.6</u>	<u>+0.1</u>
Total	\$96.4	\$94.5	\$94.5	--
Average food cost per person per month:				
Entitlement	\$18.10	\$18.10	\$18.75	+\$0.65
FNS funded	(17.21)	(17.22)	(17.86)	(+0.64)
Free substitute (donated).....	(.89)	(.88)	(.89)	(+0.01)
Bonus (donated)	<u>3.62</u>	<u>3.56</u>	<u>3.62</u>	<u>+0.06</u>
Average per person total commodities	\$21.72	\$21.66	\$22.37	+\$0.71
Elderly:				
Entitlement	\$15.53	\$15.52	\$15.77	+\$0.25
FNS funded	(14.29)	(14.30)	(14.53)	(+0.23)
Free substitute(donated). (	1.24)	(1.22)	(1.24)	(+0.02)
Bonus (donated)	<u>4.48</u>	<u>4.41</u>	<u>4.48</u>	<u>+0.07</u>
Average per person total commodities	\$20.01	\$19.93	\$20.25	+\$0.32

- 1/ Approximately \$3.6 million was spent in Fiscal Year 1992 from the effects of the Americold fire. The Americold warehouse stores commodities for the Food Distribution Program on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP). Approximately 40% of the destroyed commodities are associated with FDPIR.

Food and Nutrition Service

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Stamp Program:

1,2 For necessary expenses to carry out the Food Stamp Act (7 U.S.C. 2011 -[2029] 2027 and 2029), [~~\$28,115,357,000~~] \$29,545,655,000 [; of which \$2,500,000,000 shall be available only to the extent an official budget request, for a specific dollar amount, is transmitted to the Congress]: Provided, That funds provided 3 herein shall remain available through September 30, [1993] 1994, in accordance with section 18 (a) of the Food Stamp Act: Provided further, That up to 5 per centum of the foregoing amount may be placed in reserve to be apportioned pursuant to 4 [Section 3679 of the Revised Statutes, as amended] 31 U.S.C. 1512, for use only in such amounts and at such times as may become necessary to carry out program operations: Provided further, That funds provided herein shall be expended in accordance with section 16 of the Food Stamp Act: Provided further, That this appropriation shall be subject to any work registration or work fare requirements as may be required by law[: Provided further, That \$345,000,000 of the funds provided herein shall be available after the Secretary has employed the regulatory and administrative methods available to him under the law to curtail fraud, waste, and abuse in the program [: Provided further, That \$1,051,000,000 of the foregoing amount shall be available for Nutrition Assistance for 5 Puerto Rico as authorized by U.S.C. 2028, of which \$10,825,000 shall be transferred to the Animal and Plant Health Inspection Service for the Cattle Tick Eradication Project]. For making after May 31 of the current fiscal year, benefit payments to individuals under the Food Stamp Act for unanticipated costs incurred for the current fiscal year, such sums as may be necessary. For necessary expenses to carry out the Food Stamp Act (7 U.S.C 2011-2027,2029), for the first quarter of fiscal year 1995, \$6,250,000,000 to remain available through September 30, 1995. 6 7

The first change removes the U.S.C. reference applicable to nutrition Assistance to Puerto Rico; appropriations for this activity are requested in a separate account.

The second change deletes language identifying the reserve as a contingency.

The third change makes the appropriation available through September 30, 1994.

The fourth change updates a reference to 31 U.S.C. 1512.

The fifth change deletes the provision applicable to Nutrition Assistance to Puerto Rico. Appropriations for this activity are requested in a separate account.

The sixth change provides for indefinite appropriations after May 31, 1994 for unanticipated benefit needs for Fiscal Year 1994. This will give Food Stamps the same treatment as AFDC, Medicaid and SSI.

The seventh change provides for advance appropriations for the first quarter of Fiscal Year 1995. Advance appropriations are requested to ensure continuous funding for the program at the beginning of the fiscal year. This will give Food Stamps the same treatment as AFDC, Medicaid and SSI.

FOOD STAMP PROGRAM - CURRENT LAW

Appropriations Act, 1993.....	\$27,064,357,000
Budget Estimate, 1994.....	<u>29,545,655,000</u>
Increase in the Appropriation.....	<u>+2,481,298,000</u>

FOOD STAMP PROGRAM - PROPOSED LEGISLATION

Budget Estimate, Current Law 1994.....	\$29,545,655,000
Change due to Proposed Legislation.....	<u>-20,000,000</u>
Net Request, President's 1994 Budget Request.....	<u>\$29,525,655,000</u>

SUMMARY OF INCREASES AND DECREASES-CURRENT LAW

(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
<u>Benefits:</u>			
Total, Benefits			
Cost .a/.....	\$22,880,127,000	-75,096,000	\$22,805,031,000
State Admin.			
Costs.....	1,428,456,000	+42,880,000	1,471,336,000
Employment and			
Training.....	160,520,000	+2,223,000	162,743,000
Other program			
costs.....	95,254,000	+11,291,000	106,545,000
Contingency			
reserve.....	<u>2,500,000,000</u>	<u>+2,500,000,000</u>	<u>5,000,000,000</u>
Total,			
Appropriation	<u>27,064,357,000</u>	<u>+2,481,298,000</u>	<u>29,545,655,000</u>

a/ This Fiscal Year 1994 estimate includes a net of \$15.1 million in collections from the Federal Tax Offset Project.

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual Amount	1993 Estimated Amount	Increase or Decrease	1994 Estimated Amount
Benefits:				
Correct benefits a/:	\$18,159,773,000	\$21,324,278,000	-23,445,000	\$21,300,833,000
Erroneous benefits..:	1,366,865,000	1,555,849,000	-50,651,000	1,505,198,000
Total, Benefits costs	19,526,638,000	22,880,127,000	-74,096,000	22,806,031,000
Administrative costs:				
State Administration:	1,272,875,000	1,321,076,000	+38,036,000	1,359,112,000
Anti-fraud.....:	82,057,000	84,929,000	+6,208,000	91,137,000
ADP Development.....:	25,557,000	22,451,000	-1,364,000	21,087,000
Subtotal, Admin- strative costs	1,380,489,000	1,428,456,000	+42,880,000	1,471,336,000
Employment & Training	157,628,000	160,520,000	+2,223,000	162,743,000
Other Program Costs..:				
Food Stamp production and redemption.....:	65,998,000	73,066,000	10,796,000	83,862,000
Computer support				
Systems.b/.....:	1,270,000	1,457,000	+39,000	1,496,000
Certification of SSI recipients for food stamps.....:	3,805,000	4,000,000	+80,000	4,080,000

PROJECT STATEMENT
(On basis of appropriation)

Project	1992 Actual Amount	1993 Estimated Amount	Increase or Decrease	1994 Estimated Amount
Retailer redemption: & monitoring system:	1,849,000:	2,000,000:	+40,000:	2,040,000:
Recipient and coop- erative services.b/:	1,379,000:	1,071,000:	+30,000:	1,101,000:
Research, evaluation: & demo projects..b/:	9,869,000:	10,600,000:	+286,000:	10,886,000:
Retailer Integrity.b/ Electronic Benefit	2,000,000:12	1,950,000:12	+9,000:	1,959,000:12
Transfer.b/.....	500,000:11	610,000:13	-3,000:	607,000:13
Nutrition, Education: Initiative.b/.....	--	500,000:	+14,000:	514,000:
Subtotal, Other			(4):	
Program Costs.....	86,670,000:23	95,254,000:25	+11,291,000:	106,545,000:25
Total, Administra- tive costs.....	1,624,787,000:	1,684,230,000:	+56,394,000:	1,740,624,000:
Benefit Reserve.....	1,498,550,000:	2,500,000,000:	+2,500,000,000:	5,000,000,000:
Transfer to Other				
Accounts.....	100,000,000:			
Error Liabilities....		--	-1,000,000:	-1,000,000:
Total, Appropriation:	22,749,975,000:23	27,064,357,000:25	+2,481,298,000:29	29,545,655,000:25
Proposed Legislation:	--	--	-20,000,000:	-20,000,000:
Investment Proposal:			+603,000,000:	+603,000,000:
Total, President's... Budget.....			+3,064,298,000:30	128,655,000:25

a/ This Fiscal Year 1994 estimate includes a net of \$15.1 million in collections for the Federal Tax Offset Project.

b/ Fiscal Year 1994 amounts include a request of \$10,628,000 in discretionary additions to the mandatory baseline.

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual Amount	1993 Estimated Amount	Increase or Decrease	1994 Estimated Amount
Benefits:				
Correct benefits a/:	\$18,997,672,658:	\$20,874,371,000:	+426,396,000:	\$21,300,833,000:
Erroneous benefits..	1,901,857,219:	1,523,023,000:	-17,759,000:	1,505,198,000:
Total, Benefits costs	20,899,529,877:	22,397,394,000:	+408,637,000:	22,806,031,000:
Administrative costs:				
State Administration:	1,245,920,714:	1,321,076,000:	+38,036,000:	1,359,112,000:
Anti-fraud.....	75,916,796:	84,929,000:	+6,208,000:	91,137,000:
ADP Development.....	15,752,836:	22,451,000:	-1,364,000:	21,087,000:
Subtotal, Admin- strative costs	1,337,590,346:	1,428,456,000:	+42,880,000:	1,471,336,000:
Employment & Training	145,802,167:	160,520,000:	+2,223,000:	162,743,000:
Other Program Costs..				
Food Stamp production and redemption.....	64,700,942:	71,936,000:	11,926,000:	83,862,000:
Computer support				
Systems.b/.....	1,109,575:	1,457,000:	+39,000:	1,496,000:
Certification of SSI: recipients for food				
stamps.....	3,696,000:	4,000,000:	+80,000:	4,080,000:
Retailer redemption: & monitoring system:	1,849,000:	2,000,000:	+40,000:	2,040,000:
Recipient and coop- erative services.b/:	996,185:	1,071,000:	+30,000:	1,101,000:
Research, evaluation: and demo projects.b/	10,229,246:	10,600,000:	+286,000:	10,886,000:
Retailer Integrity.b/ Electronic Benefit	1,801,645:12	1,950,000:12	+9,000:	1,959,000:12
Transfer.b/.....	449,691:11	610,000:13	-3,000:	607,000:13
Nutrition, Education: Initiative.b/.....	--	500,000:	+14,000:	514,000:
Subtotal, Other			(4):	
Program Costs.....	84,832,284:23	94,124,000:25	+12,421,000:	106,545,000:25
Total, Administra- tive costs.....	1,568,224,797:	1,683,100,000:	+57,524,000:	1,740,624,000:

PROJECT STATEMENT
(On basis of available funds)

Project	1992 Actual Amount	: : Sys:	1993 Estimated Amount	: : Sys:	Increase or Decrease	1994 Estimated Amount	: : Sys
Total, Obligations...	22,467,754,674:	:	24,080,494,000:	:	+466,161,000:	24,546,655,000:	:
Unobligated balances:	:	:	:	:	:	:	:
Available, start...	:	:	:	:	:	:	:
of year.....	-765,554,476:	:	-308,000,000:	:	+308,000,000:	-0-	:
Available, end of...	:	:	:	:	:	:	:
year.....	308,000,000:	:	--	:	:	:	:
	:	:	:	:	(5):	:	:
Unob. Bal. Expir...c/:	639,774,802:	:	3,291,863,000:	:	+1,708,137,000:	5,000,000,000:	:
Total Available or	:	:	:	:	:	:	:
Estimate.....	22,649,975,000:	:	27,064,357,000:	:	+2,482,298,000:	29,546,655,000:	:
	:	:	:	:	(6):	:	:
Error Liabilities...	:	:	--	:	-1,000,000:	-1,000,000:	:
Transfer to Other	:	:	:	:	:	:	:
Accounts.....	100,000,000:	:	:	:	:	:	:
Total, Appropriation:	22,749,975,000:23	:	27,064,357,000:25	:	+2,481,298,000:	29,545,655,000:25	:
Proposed Legislation:	--	:	--	:	-20,000,000:	-20,000,000:	:
Investment Proposal	:	:	:	:	+603,000,000:	+603,000,000:	:
Total, President's...	:	:	:	:	:	:	:
Budget.....	:	:	:	:	+3,064,298,000:	30,128,655,000:25	:

- a/ This Fiscal Year 1994 estimate includes a net of \$15.1 million in collections for the Federal Tax Offset Project.
- b/ Fiscal Year 1994 amounts include a request of \$10,628,000 in discretionary additions to the mandatory baseline.
- c/ Includes Fiscal Year 1993 contingency reserve of \$2.5 billion and \$.792 billion unobligated balance expiring.

EXPLANATION OF PROGRAM

Overview of Program Development. The Food Stamp Program, which is authorized through September 30, 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, helps individuals and families with low incomes obtain a more nutritious diet.

The program was initiated on a pilot basis in 1961 and established as a permanent program in 1964. The Food Stamp Program enables low-income households to obtain better diets by supplementing the funds they have to spend on food with food stamps which may be used for purchasing food items at authorized food stores. The Food Stamp Program evolved from the Commodity Distribution to Needy Families Program established in 1936. Commodities purchased for farm assistance purposes were made available for distribution to needy individuals through various Federal, State, and local welfare organizations. In 1961, the basic emphasis of commodity donations changed significantly when an Executive Order expanded the program's objectives from removing surpluses to also encompass raising the quantity and improving the quality of foods distributed. Beginning in that year a food stamp pilot project was undertaken in a number of States.

The Food Stamp Act of 1964 authorized a permanent Food Stamp Program which would gradually supplant commodity distribution. The program was implemented in most counties by 1969, although it was not until Fiscal Year 1975 that the Food Stamp Program expanded to all counties nationally. The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands and Guam.

Eligibility and Benefits. Eligible participants are entitled to food stamp allotments based on their household size and net income after certain deductions. Food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance.

Benefit Costs. The cost of food stamps is paid by the Federal Government and is called "benefit" costs. Benefits are paid to program recipients as follows:

1. Food coupons/stamps are the most common method utilized and are issued on a monthly basis to eligible recipients.
2. Electronic Benefit Transfer (EBT) is the major alternative method of providing program participants with the value of the coupons used to make food purchases. EBT projects are currently operating in parts of Pennsylvania, Minnesota, Maryland, Ohio, and New Mexico and are planned in other States. Under this system each household recipient is issued a plastic benefit card with a magnetic stripe or a computer chip to make food purchases; no cash or food coupons are involved. At the store, the recipient presents his/her card and enters a unique personal identification number into a terminal that immediately debits the household's account for the amount of purchase at a centralized computer or on the computer chip. The grocer's account at a designated bank is credited for the same amount by a financial institution. Federal funds are shifted from the Federal Reserve to the financial institution to complete the settlement process. In Fiscal Year 1992, regulations were promulgated as required by statute to make EBT available as an operational alternative nationwide.

The Financial Management Service of the Department of the Treasury has included, in its FY 1994 request, funds for the development of an EBT Prototype which is the first step toward development of a nationwide EBT system. Phase one of the project, funded with FY 1993 funds, will provide a technical and cost analysis of alternative system models. Phase two, to be funded with FY 1994 and FY 1995 funds, will provide for the implementation and evaluation of the prototype. The coordination of benefit delivery is expected to demonstrate economies of scale, resolve disparities in operational policy among agencies, and demonstrate the successful cooperation of Federal and State agencies, the private sector, and consumer groups for the implementation of a major payment system. The prototype is an effort to test the feasibility of providing benefits for multi-Federal programs including direct Federal payments on a single card and will encompass both issuance and settlement.

While no funds are being requested in this budget submission for the EBT Prototype itself, the Food and Nutrition Service has designated staff and travel resources to support project operations. This Department fully supports the Financial Management Service's request for funds to support the EBT Prototype project. Settlement and reconciliation are essential components of any EBT system configuration, whether a stand-alone Food Stamp System or a multi-program effort such as the prototype.

3. Cash-out and some welfare reform projects enable participants to use cash in lieu of coupons to make their food purchases. Cash-out projects are currently operating in California, Minnesota, and Vermont. Allotments are issued to recipient households in the form of a check. Welfare Reform projects are currently underway in Alabama, Washington, and New York. A project in Utah is planned for 1993. Generally, the projects consolidate AFDC, General Assistance

for families and food stamps to form a single unified program with one set of rules and with benefits issued in the form of one cash grant to families. It is estimated that approximately \$600-800 million in benefits will be issued through these alternate methods in Fiscal Year 1993.

The Thrifty Food Plan is a model plan for achieving a nutritionally adequate diet. As required by law, the food stamp allotments for the various household sizes are revised October 1 of each year to reflect changes in the cost of the Thrifty Food Plan as of the prior June. P.L. 102-351, a Bill To Prevent a Reduction In The Adjusted Cost Of The Thrifty Food Plan During Fiscal Year 1993, prevents the maximum allotment from falling below the 1992 maximum allotment in Fiscal Year 1993. The maximum benefit for a family of four is 103 percent of the value of the estimated plan. In Fiscal Year 1993 the new legislation continues the Fiscal Year 1992 levels, which were greater than 103 percent of the cost of the June 1992 Thrifty Food Plan.

State Administration. All direct and indirect administrative costs incurred for certification of households, issuance of food stamps, quality control and fair hearing efforts are shared by the Federal Government and the States on a 50-50 basis. Under current law, enhanced Federal funding is available for one ADP system development per State. Proposals approved before November 28, 1990 will be matched at 75 percent; proposals approved after that date will be supported at 63 percent in Fiscal Year 1992 and subsequent years. State agencies can also receive at least 75 percent funding or more for fraud prevention related activities. For States with low error rates, the normal 50 percent Federal share of State administrative costs can be increased up to a maximum of 60 percent, depending on the extent to which the State's error rate falls below 6 percent. In order to receive this incentive funding, States must also meet a standard set by the Secretary for the rate of improper denials or terminations. State agencies are held liable when their rate of overissuances and payments to ineligible households plus their rate for underissuance exceeds the lowest national performance measure ever announced plus one percent. Liabilities are based on the level of State issuance and the extent to which the State's error rate exceeds a tolerance level.

Employment and Training Program (E&T). States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training or experience that will increase their ability to obtain regular employment. In Fiscal Year 1993, the Department will provide States 100 percent Federal grants totaling \$75 million, of which \$15 million will be based on State agency performance in placing participants into E&T programs. Additional funds will be spent by State agencies and matched by the Federal government to administer E&T programs.

Other Program Costs. In addition to State administrative and employment and training expenses, other program costs borne by the Federal Government include:

- (1) the printing and transporting of food stamps to State agencies; processing and destruction of redeemed food stamps by Federal Reserve Banks; settlement and reconciliation services to support EBT operations.
- (2) the computer support systems;
- (3) the certification of SSI/Social Security recipients for participation in the Food Stamp Program by the district offices of the Social Security Administration;

- (4) the redemption and monitoring systems;
- (5) recipient and cooperative services including funds for printing other than stamps, State Exchange and collection of Quality Control liabilities and other claims;
- (6) research, evaluation and demonstration projects authorized under Section 17 of the Food Stamp Act of 1977;
- (7) retailer integrity;
- (8) electronic benefit transfer; and
- (9) nutrition education grants.

State/Federal Responsibilities. The Food Stamp Program is a Federal-State partnership in which the States administer the program at the service delivery level. Households apply for food stamps at their local State welfare offices. State workers use uniform nationwide rules promulgated by the Food and Nutrition Service to determine and certify which households are eligible, to calculate the size of each household's allotment, and to monitor and recertify recipient eligibility. Food stamps are typically dispensed on a monthly basis through local banks or the mail.

Each State must have an Employment and Training (E&T) program to help able-bodied individuals in food stamp households gain skills and experience that will help them obtain regular employment.

The Quality Control System encourages payment accuracy by establishing fiscal incentives based on State performance in benefit determinations. State agencies with high error rates are assessed liabilities, while enhanced administrative funding is provided to States with low error rates.

FNS funds 100 percent of the cost of food stamps redeemed. FNS also funds over 50 percent of State administrative costs for the program. FNS is responsible for authorizing and monitoring stores participating in the program. Approximately 213,000 stores are authorized to redeem food stamps.

After recipients use their food stamps to purchase food at stores, the stores redeem the food stamps at banks. The banks, in turn, redeem the food stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the FNS appropriation directly from the U.S. Treasury. FNS also monitors the redemption process on an ongoing basis.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$74,096,000 in the appropriation for Benefit Costs, including the effects of the FACT Act (\$22,880,127,000 budgeted in 1993). On the basis of available funds, there is an increase of \$408,637,000 (\$22,397,394,000 budgeted in 1993). The appropriation decrease consists of:
 - (a) A decrease of \$23,445,000 for properly issued benefits (\$21,324,278,000 budgeted in 1993). On the basis of available funds, there is an increase of \$426,396,000 (\$20,874,371,000 available in 1993).

Need for Change. In Fiscal Year 1994, program participation is expected to decrease from 27.3 million per month in Fiscal Year 1993 to 27.2 million in Fiscal Year 1994. The Fiscal Year 1994 estimate includes \$603 million, in part to offset increased costs associated with the Administration's proposed new energy tax.

Nature of Change. A comparison of key program workload and cost indicators based on OMB and mid-session economic indicators for Fiscal Year 1992 through 1994 is presented on the following page.

	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>	<u>FY 1994</u> <u>Estimate</u>
Average participation (000)	25,403	27,300	27,242 <u>2/</u>
Average unemployment rate (percent)	7.30	7.15	6.70
Average number of unemployed persons (000)	9,250	8,600	8,100
Thrifty Food Plan	\$360.60	\$355.50	\$367.60
Maximum Allotment <u>1/</u>	\$370.00	\$370.00	\$378.00
Average benefit per person per month	\$ 68.57	\$ 68.24 <u>1/</u>	\$ 69.62

1/ P.L. 102-351 continues the 1992 value of the maximum allotment through Fiscal Year 1993.

2/ Does not include the proposed increase in benefits to offset the effects of the proposed energy tax.

(b) A decrease of \$50,651,000 for erroneous benefits (\$1,555,849,000 budgeted in Fiscal Year 1993). On the basis of available funds, there is a decrease of \$17,759,000 (\$1,523,023,000 available in 1993).

Need for Change. The overpayment error rate is projected to decline from 6.8 percent in Fiscal Year 1993 to 6.6 percent in Fiscal Year 1994. Although the dollar value for overall benefits cost is expected to increase, the amount of erroneously issued benefits is expected to decrease slightly.

Nature of Change. A comparison of overpayment error rates and erroneous benefits follows:

	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>	<u>FY 1994</u> <u>Estimate</u>
Amount of erroneous benefits (\$ millions)	\$1,902	\$1,523	\$1,505
Overpayment Error rate	0.070	0.068	0.066

(2) An increase of \$42,880,000 in the appropriation for State Administrative costs, including the effects of the FACT Act (\$1,428,456,000 budgeted in 1993).

Need for Change. Based on the most recent economic projections, moderate rates of inflation between 1993 and 1994 are expected to increase the cost of providing food stamp benefits.

Nature of Change. This increase reflects the application of a projected rate of inflation of 2.6 percent to the Fiscal Year 1993 base level for costs shared by State and local agencies and the Federal Government. The requested increase also provides an additional \$12 million for incentive payments to States and includes additional funds to States for State level anti-trafficking efforts.

- (3) An increase of \$2,223,000 in the appropriation for the Employment and Training Program (\$160,520,000 available in 1993).

Need for Change. The increase is necessary to provide matching funds for participant reimbursements and State administrative costs to carry out the Employment and Training Program.

Nature of Change. Public Law 99-195 mandates the Secretary to allocate funds among the States to carry out the Employment and Training Program. This level of funding will enable the Department to provide States \$75 million authorized for 100 percent federally-funded grants, additional matching funds for participant reimbursements and matching funds for additional State administrative costs to assist them in providing employment and training services.

- (4) A net increase of \$11,291,000 in the appropriation for Other Program Costs, including the effects of the FACT Act (\$95,254,000 budgeted in Fiscal Year 1993). On the basis of available funds, an increase of \$12,421,000 (\$94,124,000 available in 1993).

Need for Change. Increases in other program costs are primarily attributed to increases associated with higher program benefit payments and the rates of inflation projected between 1993 and 1994, increased emphasis on program integrity and the need for settlement and reconciliation services to support large scale Electronic Benefit Transfer (EBT) systems.

Nature of Change.

- (a) Food Stamp Production and Redemption:

An increase of \$327,000 in the appropriation for printing of stamps (\$45,187,000 appropriated in Fiscal Year 1993). Increased benefit costs in Fiscal Year 1993 resulted in the need for additional printing funds in Fiscal Year 1993. This projection is based on current production costs. An increase of \$103,000 in the appropriation for shipping of stamps (\$5,160,000 budgeted in Fiscal Year 1993).

An increase of \$10,366,000 in the appropriation for the processing of redeemed stamps (\$22,719,000 budgeted in Fiscal Year 1993). The FY 1994 amount includes \$10.0 million to be used to develop an adequate settlement and reconciliation services system to support the growing Electronic Benefit Transfer (EBT) operation. The specifications for an EBT settlement and reconciliation service are currently being developed. The current EBT funding mechanisms - Letters of Credit - do not accommodate EBT-type transactions, nor do they provide for easy reconciliation of benefits issued and redeemed. It is hoped that the settlement and reconciliation services will eliminate these problems.

Currently, five States have operational EBT systems and 26 others are either planning or developing systems. The April 1, 1992 EBT regulations state that FNS the Treasury Department, and the Department of Health and Human Services recognize that the current Federal settlement process needs improvement to be able to support large scale EBT. FNS regional offices now reconcile site settlement data with the Federal settlement data. EBT expansion will place a severe strain on these offices. FNS is currently developing specifications for these settlement and reconciliation services to be implemented in Fiscal Year 1994.

- (b) An increase of \$39,000 for the cost of computer support systems (\$1,457,000 budgeted in Fiscal Year 1993). The projected need for Fiscal Year 1994 includes funding for the Integrated Quality Control Project, the Disqualified Recipient System, and other program systems.
- (c) An increase of \$80,000 in the appropriation for the cost of certification of Supplemental Security Income recipients for Food Stamps (\$4,000,000 budgeted in Fiscal Year 1993).
- (d) An increase of \$40,000 in the appropriation for the cost of the retailer redemption and monitoring system (\$2,000,000 budgeted in Fiscal Year 1993). These funds are used to cover the printing and distribution cost of the redemption certificates used by retail stores in order to redeem their food stamps through the banking system.
- (e) An increase of \$30,000 in the appropriation for recipient and cooperative services (\$1,071,000 budgeted in Fiscal Year 1993). The \$1,101,000 projected need for Fiscal Year 1994 includes \$514,000 for printing other than stamps, \$369,000 for the State Exchange Project and \$218,000 for Food Stamp Program litigation costs and collection of claims.
- (f) An increase of \$286,000 in the appropriation for research, evaluation and demonstration projects (\$10,600,000 budgeted in Fiscal Year 1993). These funds support FNS' research agenda in several areas including welfare reform, coordination and simplifications, evaluation of program effectiveness operations and integrity, and nutrition education and monitoring.
- (g) An increase of \$9,000 in the appropriation for retailer integrity (\$1,950,000 budgeted in Fiscal Year 1993). This increase would continue the retailer data base update. The funds also support twelve (12) staff years and associated costs for retailer compliance. These staff are used for:
 - o pre-authorization visits to high risk/marginal stores in urban areas;
 - o reviewing data from various "high-risk" profiles and conducting preliminary inquiries prior to referring cases for investigation; and
 - o coordinating with State regulatory and investigative offices to increase (a) information sharing, (b) store investigations, (c) recipient trafficking investigations, and (d) prosecutions under State law.
- (h) A decrease of \$3,000 in the appropriation for the EBT project authorized by the Fiscal Year 1993 Appropriations Act (\$610,000 budgeted in 1993). This decrease is the result of presidential administrative cost cutting initiatives.
- (i) An increase of \$14,000 in the appropriation for the Nutrition Education Initiative (\$500,000 budgeted in Fiscal Year 1993). These grants will

develop creative approaches to providing nutrition education by enhancing food stamp participant's abilities and skills in meal planning, budgeting food money, and purchasing and preparing foods.

- (5) An increase of \$2,500,000 in the appropriation for Benefit Reserve (\$2,500,000,000 appropriated in Fiscal Year 1993).

Need for Change. This increase will provide a total reserve of \$5.0 billion to be used if economic or other circumstances cause an unforeseen increase in required program payments.

Nature of Change. The additional \$2,500,000,000 will ensure the availability of sufficient funds and avoid the need for supplemental appropriations or benefit reductions if actual benefit requirements exceed preliminary budget estimates.

- (6) A decrease of \$1,000,000 for the collection for State error liabilities.

Food Stamp Program
Summary of Investment Proposals

SUMMARY OF INCREASES AND DECREASES - INVESTMENT PROPOSAL

	1994		
	<u>Base Request</u>	<u>Investment Proposal</u>	<u>Total Request</u>
Benefits	\$22,805,031,000	+\$603,000,000	\$23,408,031,000
State Admin.			
Costs.....	1,471,336,000	--	1,471,336,000
Employment and Training....	162,743,000	--	162,743,000
Other Program			
Costs.....	106,545,000	--	106,545,000
Contingency			
Reserve.....	5,000,000,000	--	5,000,000,000
Total,			
Available..	<u>29,545,655,000</u>	<u>+603,000,000</u>	<u>30,148,655,000</u>

Explanation of Investment Proposal

The additional \$603 million will provide increased benefits, in part, to offset increased costs associated with the Administration's proposed new energy tax.

Proposed Language

In addition to funding already provided, \$603,000,000 for necessary expenses of the Food Stamp Program.

Food Stamp Program
Summary of Proposed Legislation
(Dollars in Thousands)

Summary of Increases and Decreases - Proposed Legislation

Reduce Enhanced Administrative match Rates to 50 Percent: This proposal reduces to 50 percent the administrative match rates in three program areas that are currently matched at higher rates: Automated Data Processing development (from 63 percent); intentional Program violation investigations, prosecutions, and administrative disqualification hearings (from 75 percent); and verification of the documented alien status of applicants through the Systematic Alien Verification for Entitlements system (from 100 percent). The change in match rates would be effective on April 1, 1994. The proposal is estimated to save \$20 million in Fiscal Year 1994 and \$40 million in Fiscal Years 1995 through 1998.

THE FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Nutrition Assistance for Puerto Rico:

For necessary expenses for the Commonwealth of Puerto Rico for nutrition assistance as authorized by 7 U.S.C. 2028, \$1,091,000,000.

This change provides a separate appropriation for Nutrition Assistance for Puerto Rico. Comparable language was deleted from the appropriation for the Food Stamp Program.

NUTRITION ASSISTANCE FOR PUERTO RICO

Appropriations Act, 1993	\$ 1,051,000,000
Budget Estimate, 1994	<u>1,091,000,000</u>
Increase in Appropriations.....	<u>+40,000,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of appropriation)

<u>Item of Change</u>	<u>1993</u> <u>Estimated</u>	<u>Other</u> <u>Changes</u>	<u>1994</u> <u>Estimated</u>
Nutrition Assistance for Puerto Rico.....	\$1,051,000,000	+\$40,000,000	\$1,091,000,000

PROJECT STATEMENT

(On basis of adjusted appropriation)

	1992	1993	Increase or	1994
<u>Project</u>	<u>Actual</u>	<u>Estimated</u>	<u>Decrease</u>	<u>Estimated</u>
Nutrition	:	:	:	:
Assistance for	:	:	:	:
Puerto Rico...	\$1,013,000,000:	\$1,051,000,000:	+\$40,000,000:	\$1,091,000,000

EXPLANATION OF PROGRAM

Overview of Program Development. Authorized by section 116(a) of the Omnibus Budget Reconciliation Act of 1981 (P.L. 97-35), a grant for nutrition assistance to Puerto Rico was implemented July 1, 1982. The Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624, enacted November 28, 1990, reauthorized appropriations through Fiscal Year 1995.

Eligibility. This grant, which replaced the Food Stamp Program in Puerto Rico, gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. In Fiscal Year 1994, Puerto Rico will continue its system of providing cash benefits to households which meet eligibility standards of the Nutrition Assistance Program. These eligibility standards are similar to those of the Food Stamp Program.

Benefits. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program.

State/Federal Responsibilities. The Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food and Nutrition Service provides a grant award to the Commonwealth to operate the Program in accordance with its approved plan. The grant is intended to cover 100 percent of the cost of program benefits, 50 percent of the cost of administrative expenses and support for approved special projects up to the limit of the amount available by appropriation.

JUSTIFICATION OF INCREASES AND DECREASES

An increase of 40,000,000 in the appropriation for Nutrition Assistance for Puerto Rico (\$1,051,000,000 available in 1993).

Need for change. This request reflects the authorization level provided in the FACT Act.

Nature of change. This level will permit the continuation of the Nutrition Assistance Program in a manner consistent with prior years.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Donations [Programs] for Selected Groups:

- 1 For necessary expenses to carry out section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)), section 4(b) of the Food Stamp Act (7 U.S.C. 2013 (b)), and section 311 of the Older Americans Act of 1965, as amended (42 U.S.C. 3030a), [\$224,513,000] \$212,413,000 to remain available through September 30, [1994] 1995. For necessary expenses to carry out section 110 of the Hunger Prevention Act of 1988, \$32,000,000.

This change would make the appropriation available until September 30, 1995.

FOOD DONATIONS PROGRAMS FOR SELECTED GROUPS

Appropriations Act, 1993	\$256,513,000
Budget Estimate, 1994	<u>244,413,000</u>
Decrease in Appropriations	<u>-12,100,000</u>

SUMMARY OF DECREASES
(On basis of appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Changes</u>	<u>1994 Estimated</u>
Food Distribution Program on Indian Reservations: ...	\$81,601,000	-\$12,100,000	\$69,501,000
Nutrition Program for the Elderly.....	142,912,000	—	142,912,000
Commodities for Soup Kitchens.....	<u>32,000,000</u>	<u>—</u>	<u>32,000,000</u>
Total Available.....	<u>256,513,000</u>	<u>-12,100,000</u>	<u>244,413,000</u>

PROJECT STATEMENT
(On basis of appropriation)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
1. Food Distribution				
Program on Indian				
Reservations:				
Commodities in lieu of				
food stamps.....	\$64,495,000:	\$63,157,000:	-\$12,561,000:	\$50,596,000
Distributing agencies				
expenses.....	<u>17,450,000:</u>	<u>18,444,000:</u>	<u>+461,000:</u>	<u>18,905,000</u>
Subtotal, Food				
Distribution Program			(1):	
on Indian Reservations:	81,945,000:	81,601,000:	-12,100,000:	69,501,000
2. Nutrition Program for:				
the Elderly:				
Commodities.....	9,918,000:	9,367,000:	-9,000:	9,358,000
Cash in Lieu of				
commodities.....	<u>141,574,000:</u>	<u>133,545,000:</u>	<u>+9,000:</u>	<u>133,554,000</u>
Subtotal, Nutrition			(2):	
Program for the Elderly:	151,492,000:	142,912,000:	—	142,912,000
3. Commodities for Soup				
Kitchens:.....	<u>32,000,000:</u>	<u>32,000,000:</u>	<u>—</u>	<u>32,000,000</u>
Total, Appropriation....	<u>265,437,000:</u>	<u>256,513,000:</u>	<u>-12,100,000:</u>	<u>244,413,000</u>

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1992 Actual</u>	<u>1993 Estimated</u>	<u>Increase or Decrease</u>	<u>1994 Estimated</u>
1. Food Distribution Program				
on Indian Reservations:				
Commodities in lieu of				
food stamps	\$64,219,054:	\$63,157,000:	-\$12,561,000:	\$50,596,000
Distributing agencies				
expenses.....	<u>17,547,989:</u>	<u>18,444,000:</u>	<u>+461,000:</u>	<u>18,905,000</u>
Subtotal, Food Dist.				
Program on Indian			(1):	
Reservations.....	81,767,043:	81,601,000:	-12,100,000:	69,501,000
2. Nutrition Program for the				
Elderly:				
Commodities	9,271,000:	9,367,000:	-9,000:	9,358,000
Cash in Lieu of				
commodities	<u>134,447,620:</u>	<u>133,545,000:</u>	<u>+9,000:</u>	<u>133,554,000</u>
Subtotal, Nutrition				
Program for the Elderly	143,718,620:	142,912,000:	— (2):	142,912,000
3. Commodities for Soup				
Kitchens:	<u>32,000,000:</u>	<u>32,000,000:</u>	<u>—</u>	<u>32,000,000</u>

PROJECT STATEMENT
(On basis of available funds)

	: 1992	: 1993	: Increase	: 1994
Project	: Actual	: Estimated	: or Decrease	: Estimated
Total Obligations.....	257,485,663:	256,513,000:	—	244,413,000
Unobligated balances	:	:	:	:
Recovery of prior year obligations.....	—	—	—	—
Unobligated balances....	—	—	—	—
Available, start of year:	—	—	—	—
Available, end of year..:	—	—	—	—
Expiring.....	+7,951,337:	:	—	—
Total, Appropriation.....	265,437,000:	256,513,000:	-12,100,000:	244,413,000

EXPLANATION OF PROGRAM

Food Donations Programs for Selected Groups includes funds for: the Food Distribution Program on Indian Reservations (FDPIR); the continuation of food assistance to the Republic of Palau; the Nutrition Program for the Elderly; and commodity purchases for soup kitchens and food banks authorized by the Hunger Prevention Act of 1988 (Public Law 100-435).

Food Distribution Program on Indian Reservations (FDPIR)

Overview of Program Development. The Food Stamp Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Pacific Islands. FDPIR was provided as an alternative to the Food Stamp Program for Indian households in rural areas where the Food Stamp Program was not readily available or where food stores were inconveniently located. The Act stipulates that a food distribution program may be established on an Indian reservation if an Indian Tribal Organization (ITO) requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. P.L. 97-98 authorized low-income Indian households residing in Oklahoma to participate in the program. The Program has been reauthorized through Fiscal Year 1995 by the Food, Agriculture, Conservation and Trade Act of 1990 (FACT), P.L. 101-624.

The Compact of Free Association Act of 1985 (P.L. 99-239), as amended by the Palau Compact of Free Association Act (P.L. 99-658), terminated the Trusteeship Agreement with the Federated States of Micronesia and the Marshall Islands and established them as Freely Associated States. For transition purposes, food assistance continued through Fiscal Year 1989 but at reduced levels, except in the nuclear affected zones of Bikini and Enewetak, as prescribed by these laws. Food assistance for Palau will continue at normal levels until a compact is in effect for that area.

Eligibility and Benefits. Household eligibility for FDPIR is determined by income and resources in a manner similar to that used for Food Stamp Program eligibility. Recipients must reside on or near a participating reservation, or reside within a stipulated service area in Oklahoma. In areas where both FDPIR and Food Stamps are available, no household may participate simultaneously in both programs, although they may switch from one program to the other. The entitlement commodities made available to the distributing agencies include canned meats and fish, fruits, vegetables and juice, flour, rice, pasta, cornmeal, dairy products, honey, cereal, oil and shortening. To the extent that surplus price-support commodities are available and can be used without waste, the Commodity Credit Corporation (CCC) donates them for use in this program.

State/Federal Responsibilities. The FDPIR is operated through a partnership between State distributing agencies or Indian Tribal Organizations and the Food and Nutrition Service. The grantee agency is responsible for certifying recipient eligibility, local warehousing and transportation of commodities, distribution of commodities to recipient households, and program integrity.

The Federal Government pays 100 percent of the cost of commodities distributed through the program. In addition, cash payments are made to administering agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. In Fiscal Year 1993, the Federal Government expects to pay about 80 percent of distributing agencies' administrative expenses. Included among these costs are local warehousing and transportation of commodities, utilities, salaries and equipment.

NUTRITION PROGRAM FOR THE ELDERLY

Overview of Program Development. Food assistance for the Nutrition Program for the Elderly is authorized by Titles III and VI of the Older Americans Act of 1965 (OAA). The Older Americans Act Amendments of 1987 (P.L. 100-175) reauthorized the program through Fiscal Year 1991. The program was most recently reauthorized on September 30, 1992 by P.L. 102-375. The cash and commodities provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

The Nutrition Program for the Elderly is administered by the U.S. Department of Health and Human Services (DHHS). USDA supplements DHHS programs for the elderly with commodities and/or cash in lieu of commodities for meals served under the provisions of Title III, section 311(a), Grants for State and Community Programs on Aging, and Title VI, Grants for Indian Tribes, of the OAA, as amended.

Eligibility and Benefits. Commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. P.L. 102-375 established an indexed meal reimbursement rate based on the Consumer Price Index. The legislatively stipulated rate is 62.06 cents per meal for Fiscal Year 1993. However, actual reimbursement for meals served is limited by the appropriation level set by Congress. Most States elect to take all of their subsidies in cash, and some States choose to receive a combination of cash and commodities. The commodities made available to the Nutrition Program for the Elderly are generally the same as those provided to schools under the Child Nutrition Programs. In addition to the 62.06 cent per meal entitlement, States or Indian tribes which elect 20 percent of their benefits in commodities are eligible to receive such bonus commodities as USDA can make available.

Although originally a program to distribute nutritious USDA purchased commodities to senior citizen meal sites, the program has evolved primarily into a cash subsidy program. Approximately 94 percent of program resources are distributed to meal providers in cash.

State/Federal Responsibilities. State Agencies on Aging designate area Agencies on Aging to plan and coordinate the program through local outlets. The State Agencies on Aging and Indian Tribal agencies request USDA-donated foods, cash in lieu of foods, or a combination of both to use in providing meals to the elderly at various sites.

State Agencies on Aging and Indian Tribal Organizations that receive commodities obtain them primarily from the State distributing agency that provides USDA foods to schools for the National School Lunch Program.

COMMODITY PURCHASES FOR SOUP KITCHENS.

Overview of Program Development. USDA continues to provide surplus commodities to soup kitchens and food banks as it has in the past. Section 110 of the Hunger Prevention Act of 1988 mandated the purchase and distribution of commodities to soup kitchens and food banks in Fiscal Years 1989 through 1991. In addition, the FACT Act, P.L. 101-624 authorizes appropriations of \$40 million for Fiscal Years 1992-1995 for this purpose.

Eligibility. Commodities are distributed to the States which, in turn, provide them to public and private nonprofit charitable institutions that maintain an established feeding operation to provide food to needy homeless persons and to food banks which serve such institutions. In instances when the States's full commodity allocation cannot be used by these organizations, States provide such commodities may be made available to food banks for distribution to needy households and to organizations that serve meals to predominantly needy persons.

Benefit. USDA provides commodities to States for local distribution to soup kitchens and food banks. USDA anticipates the purchase in Fiscal Year 1993 of the following commodities for these outlets: nonfat dry milk, and the following canned foods: mixed fruit, pineapple, peas, applesauce, tomato juice, corn, green beans, chicken, pork and/or beef. A State may use part of its grant for administrative expenses under the Emergency Food Assistance Program to cover administrative expenses associated with Section 110 commodities.

State/Federal Responsibilities. Within the States, distribution to soup kitchens and food banks and payments for storage and distribution are the responsibility of State Distributing Agencies. States are responsible for requesting commodities only in quantities that can be efficiently utilized by soup kitchens and food banks and managing the distribution of commodities to local organizations. States are also responsible for ensuring that soup kitchens and food banks comply with all Federal program regulations and requirements.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$12,100,000 in the appropriation for the Food Distribution Program on Indian Reservations and in the Pacific Islands (\$81,601,000 appropriated in Fiscal Year 1993):

(a) A decrease of \$12,561,000 in the appropriation for commodities in lieu of food stamps (\$63,157,000 available in Fiscal Year 1993).

Need for Change. The net decrease in appropriation consists of:

- A decrease of \$12,610,000 in commodity purchases;
- An increase of \$49,000 in commodity administrative costs.

Due to lower than expected participation in prior years, federal and grantee inventories have increased. Excess inventories will be utilized to offset the need for commodity purchases in Fiscal Year 1994.

Nature of Change. The requested funds along with existing inventories will be sufficient to cover the slight increase in participation to 125,854 in the Food Donations Program on Indian Reservations.

(b) An increase of \$461,000 in the appropriation for distributing agencies' administrative expenses (\$18,444,000 available for Fiscal Year 1993).

Need for Change. The funding level for distributing agencies' administrative expenses is based on the cost of prior year operations, including an adjustment for inflation. An estimate of \$150,000 is included to provide nutrition education materials to recipients.

Nature of Change. An appropriation of \$18,905,000 will be needed for administrative expenses in Fiscal Year 1994.

Food Distribution Program on Indian Reservations Program Performance Data

<u>Indian Reservations</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>	<u>FY 1994</u> <u>Estimate</u>	<u>Change</u>
Average monthly participation 1/	121,410	119,875	125,854	+5,979
Average monthly food package:				
FNS purchased.....	\$30.93	\$31.60	\$33.01	+\$1.41
CCC bonus commodities.....	<u>3.40</u>	<u>3.50</u>	<u>3.39</u>	<u>-\$.11</u>
Total monthly food package	\$34.33	\$35.10	\$36.40	+\$1.30
Inventory Activity:				
Americold fire 2/.....	7,378,238			
Inventory change.....	<u>9,259,185</u>	<u>16,972,600</u>		<u>-16,972,600</u>
Total	\$16,637,423	16,972,600	—	-16,972,600

Food Distribution Program on Indian Reservations
Program Performance Data

<u>Indian Reservations</u>	<u>FY 1992</u> <u>Actual</u>	<u>FY 1993</u> <u>Estimate</u>	<u>FY 1994</u> <u>Estimate</u>	<u>Change</u>
Annual value of FNS purchased				
commodities 3/.....	\$44,833,451	\$45,261,400	\$49,624,000	+4,362,600
Indian Administration Cost.....	17,547,989	18,444,000	18,905,000	+461,000
Disaster and other losses 4/.....	2,516,180	500,000	500,000	—
Commodity Administrative Cost				
and PCIMS.....	<u>232,000</u>	<u>423,000</u>	<u>472,000</u>	+ <u>49,000</u>
TOTAL FNS COST.....	81,767,043	81,601,000	69,501,000	-12,100,000
OOC bonus commodities.....	<u>4,832,000</u>	<u>4,910,000</u>	<u>5,068,000</u>	<u>+158,000</u>
GRAND TOTAL.....	<u>86,599,043</u>	<u>86,511,000</u>	<u>74,569,000</u>	<u>-11,942,000</u>

- 1/ Includes 2,875 for participation in Palau for all years.
- 2/ Approximately \$7.4 million was spent in FY 1992 from the effects of the Americold fire. The Americold warehouse stores commodities for the Food Distribution Program on Indian Reservations (FDPIR) and the Commodity Supplemental Food Program (CSFP). Approximately 60 percent of the destroyed commodities are associated with FDPIR.
- 3/ Includes \$527,000 in 1992 and \$581,000 in 1993 and 1994 for the nuclear-affected islands.
- 4/ Disaster assistance was provided for victims of civil unrest in Los Angeles, victims of typhoons in Guam, Federated States of Micronesia, and the Marshall Islands.

Nutrition Program for the Elderly

Meals served (millions)	245	247	247
Rate per meal (cents)	61.00	57.80	57.80

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

The Emergency Food Assistance Program:

1 For necessary expenses to carry out the Emergency Food Assistance Act of 1983, as amended, [\$45,000,000] \$46,215,000: Provided That, in accordance with section 202 of Public Law 98-92, these funds shall be available only if the Secretary determines the existence of excess commodities. For purchases of commodities to carry out the Emergency Food Assistance Act of 1983, as amended, [\$120,000,000] \$123,240,000: Provided, That notwithstanding section 214(h) of that Act, commodities purchased with these funds may be delivered to States through December 31, 1994.

The change allows commodities purchased in Fiscal Year 1994 to be delivered through the first quarter of Fiscal Year 1995 to ensure a steady flow of food to food banks throughout the year.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

Appropriation Act, 1993.....	\$165,000,000
Budget Estimate, 1994.....	<u>169,455,000</u>
Change in Appropriation	<u>+4,455,000</u>

SUMMARY OF INCREASES

(On basis of adjusted appropriation)

<u>Item of Change</u>	<u>1993 Estimated</u>	<u>Other Change</u>	<u>1994 Estimated</u>
The Emergency Food Assistance Program			
Total Available	<u>\$165,000,000</u>	<u>+\$ 4,455,000</u>	<u>\$169,455,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

<u>Project</u>	<u>1992 Actual Amount</u>	<u>1993 Estimated Amount</u>	<u>Increase or Decrease</u>	<u>1994 Estimated Amount</u>
Administrative Costs	\$44,999,380:	\$45,000,000:	+1,215,000 (1):	\$46,215,000
Commodity Procurement	<u>120,000,000:</u>	<u>120,000,000:</u>	<u>+3,240,000 (2):</u>	<u>123,240,000</u>
Total Obligations.....	<u>164,999,380:</u>	<u>165,000,000:</u>	<u>+4,455,000</u>	<u>169,455,000</u>
Unobligated Balance Expiring..	620:	:	:	:
Total Appropriation.....	<u>165,000,000:</u>	<u>165,000,000:</u>	:	<u>169,455,000</u>
Economic Stimulus.....	:	23,481,000:-	-23,481,000	:
Investment Proposal.....	:	:	+40,000,000	<u>+40,000,000</u>
Total, President's Budget.....	:	<u>188,481,000:</u>	<u>20,974,000</u>	<u>209,455,000</u>

EXPLANATION OF PROGRAM

Overview of Program Development. The Emergency Food Assistance Program (TEFAP) evolved from the Special Dairy Distribution Program which began December 11, 1981, with the release of 30 million pounds of cheese. The program has the dual goal of reducing the government held commodity surpluses and providing emergency food assistance to low-income individuals and households. TEFAP was formally authorized in 1983 by Section 204 of Public Law 98-8 including the provision of funds to State and local agencies to share some of the cost of intrastate distribution of the commodities. Public Law 98-92 appropriated funds for Fiscal Year 1983 and authorized funds through Fiscal Year 1985 for costs of storage and intrastate distribution of Commodity Credit Corporation commodities donated to needy individuals by States. Public Law 100-77 authorized funds through Fiscal Year 1988 for this purpose.

For Fiscal Years 1989 and 1990, the Hunger Prevention Act of 1988 authorized \$50 million for continued support of State administrative activities and \$120 million for the purchase and distribution of additional commodities that were high in nutrient content, as well as safely and easily stored and used. The purchased commodities were in addition to commodities that could be made available from USDA inventories. These activities were reauthorized by the FACT Act of 1990, P.L. 101-624. Specific authorizations for appropriation of funds for commodity purchases were included for Fiscal Years 1991-1995.

Eligibility. Commodities are distributed to the States which, in turn, provide them to low-income and unemployed persons, according to income-based eligibility criteria set by the States. States are allocated commodities based on a formula which considers the number of persons in each State below the poverty level (60 percent) and the number of persons unemployed (40 percent).

Benefit. USDA provides commodities and cash subsidies for State and local expenses incurred for storage and distribution of USDA donated commodities. USDA will distribute surplus butter and cornmeal in Fiscal Year 1993. In addition, funds have been provided by direct appropriation so that USDA may also purchase foods high in nutrient density specifically for distribution via TEFAP. The additional foods USDA plans to purchase in Fiscal Year 1993 include canned peas, green beans, applesauce, orange juice, pork, and beef, as well as peanut butter, raisins, rice, and dry bagged beans.

In Fiscal Year 1993, a total of \$45 million in administrative funds will be distributed by the Food and Nutrition Service (FNS) to States through grants. Allocation of administrative funds to States is based on the same formula used to allocate commodities to States (the number of persons in each State below the poverty level and the number of unemployed persons).

State/Federal Responsibilities. The Emergency Food Assistance Program operates as a Federal/State partnership under agreements entered into between FNS and State agencies. Once the foods are made available to States, the overall organization and administration of the program become the responsibilities of State agencies. Each State is responsible for selecting emergency feeding organizations to distribute the commodities and for determining the eligibility of persons to participate. The frequency of the distributions, as well as the quantities of commodities to be distributed to local areas, are also determined by each State distributing agency.

State administrative costs are subsidized by the Federal government. However, by statute, States must pass down at least 40 percent of their administrative funding to local organizations. State distributing agency costs include contracted services such as warehousing and delivery of commodities.

State distributing agencies coordinate the activities of emergency feeding organizations, which in turn serve distribution sites nationwide. Typical distribution sites include churches and community action agencies; many sites have other principal purposes unrelated to food distribution. They are staffed largely by volunteers.

The Federal government pays 100 percent of the costs of surplus commodities donated to States, plus the cost of purchased commodities and provides grants of administrative funds. USDA also pays for processing the commodities into household size packages, and shipping them to locations within the states.

P.L. 102-552 Temporary Assistance

Section 515 of the Farm Credit Banks and Associations Safety and Soundness Act of 1992, P.L. 102-552, provides for a one year funding increase for commodity distribution from an amount equal to the expected receipts to the Treasury from repayments of debts owed by the Farm Credit System (FCS). This assistance is available for Fiscal Year 1993 and is estimated at \$42,329,000 according to the calculation by the Office of Management and Budget as required by P.L. 102-552. These funds will be used to purchase, process and distribute additional commodities through the same channels that USDA uses for the Emergency Food Assistance Program.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$1,215,000 in the appropriation for Administrative Costs (\$45,000,000 available in 1993).

Need for Change. To provide States with increased funds to administer the projected growth in The Emergency Food Assistance Program.

Nature of Change. An increase of \$1,215,000 consists of a 2.7 percent inflationary increase to support commodity distribution in Fiscal Year 1994.

- (2) An increase of \$3,240,000 in the appropriation for Commodity Procurement (\$120,000,000 available in 1993).

Need for Change. This increase will provide for additional commodity distribution to program participants, thereby enhancing the Nation's fight against hunger.

Nature of Change. The \$3,240,000 increase consists of a 2.7 percent inflationary increase applied to the 1993 base of \$120 million.

In addition to the funding needed to support current program efforts, the President's proposed investment of another \$40 million will provide additional assistance in the fight against hunger.

The Emergency Food Assistance Program
Summary of Investment Proposals

SUMMARY OF INCREASES AND DECREASES - INVESTMENT PROPOSAL

	1994		
	<u>Base Request</u>	<u>Investment Proposed</u>	<u>Total Request</u>
Administrative Costs...	\$46,215,000	—	\$46,215,000
Commodity Procurement..	123,240,000	+40,000,000	163,240,000
Total Available.....	169,455,000	+40,000,000	209,455,000

Explanation of Investment Proposal

The increase of \$40 million will provide funds for additional commodities and enable the Emergency Food Assistance Program to provide additional assistance in the fight against hunger.

Proposed Language

In addition to funding already provided, \$40,000,000 for necessary expenses of the Emergency Food Assistance Program.

FOOD AND NUTRITION SERVICE

The estimates include appropriation language for this item as follows (new language underscored; deleted matter enclosed in brackets):

Food Program Administration:

For necessary administrative expenses of the domestic food programs funded under this Act, [\$103,535,000] \$105,201,000; of which \$5,000,000 shall be available only for simplifying procedures, reducing overhead costs, tightening regulations, improving food stamp coupon handling, and assistance in the prevention, identification, and prosecution of fraud and other violations of law: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109.

FOOD PROGRAM ADMINISTRATION

Appropriations Act, 1993.....	\$103,535,000
Budget Estimate, 1994.....	<u>105,201,000</u>
Increase in Appropriation.....	<u>+1,666,000</u>

SUMMARY OF INCREASES

(On basis of appropriation)

<u>Item of Change</u>	1993 <u>Estimated</u>	<u>Pay Cost</u>	<u>Other</u> <u>Changes</u>	1994 <u>Estimated</u>
Salaries and Expenses..	<u>\$103,535,000</u>	<u>+\$1,732,000</u>	<u>-\$66,000</u>	<u>\$105,201,000</u>

PROJECT STATEMENT

(On basis of appropriation)

<u>Project</u>	: <u>1992 Actual</u>	: <u>1993 Estimated</u>	: <u>1994 Estimated</u>
	: <u>Staff:</u>	: <u>Staff:</u>	: <u>Staff:</u>
	: <u>Amount</u>	: <u>Amount</u>	: <u>Amount</u>
	: <u>Years</u>	: <u>Years</u>	: <u>Years</u>
1. Child Nutrition/:	:	:	:
Special Milk....	\$27,389,000: 479:	\$27,416,000: 483:	+\$441,000: \$27,857,000: 483
2. Supplemental :	:	:	:
Feeding.....	11,398,000: 199:	11,409,000: 201:	+184,000: 11,593,000: 201
3. Food Stamp.....	57,891,971:1,013:	57,949,000:1,019:	+932,000: 58,881,000:1,019
4. Food Donations..	6,754,000: 118:	6,761,000: 119:	+109,000: 6,870,000: 119
Unobligated :	:	:	:
balance lapsing...	102,029: --:	--: --:	--: --: --
Total, appropriation:	<u>103,535,000:1,809:</u>	<u>103,535,000:1,822:</u>	<u>+1,666,000¹:105,201,000:1,822</u>

EXPLANATION OF PROGRAM

The Food Program Administration (FPA) appropriation funds Federal salaries and expenses necessary for the Food and Nutrition Service (FNS) to administer the U.S. Department of Agriculture's (USDA) domestic food assistance programs.

Overview. FNS was established August 8, 1969 to administer the domestic food assistance programs. The program goals are to provide needy persons with access to a more nutritious diet, to improve the eating habits of the nation's children, and to help America's farmers by providing an outlet for the distribution of foods purchased under farmer assistance authorities.

USDA began food distribution programs more than fifty years ago and used a variant of the current Food Stamp Program in the 1930's. Over the years, the programs shown in the following table were established and are currently in operation. Most FNS programs are operated in a Federal/State partnership, with State and local agencies administering the program at the actual service delivery level. The general complexity of the programs and the number of State entities that FNS must work with are key factors influencing FPA costs.

<u>Year Begun</u>	<u>Program Name</u>	<u>Number and Types of Non-federal Partners</u>	
1946	National School Lunch Program (NSLP)	58	State Education Agencies
		55	Food Distribution Agencies (Also, 20,400 School Food Authorities)
1955	Special Milk Program		(Essentially the same as NSLP)
1961	Food Stamp Program	53	State Agencies
		213,000	Food Retailers
		10,000	Financial Institutions
		37	Federal Reserve Banks
1965	Nutrition Program for the Elderly	57	State Agencies
1966	School Breakfast Program		(Essentially the same as NSLP)
1968	Child and Adult Care Food Program	54	State Agencies
1969	Summer Food Service Program	53	State Agencies
1969	Commodity Supplemental Food Program	20	State Agencies
1972	Special Supplemental Food Program for Women, Infants, and Children (WIC)	86	State Agencies (Also, 47,000 Food Retailers)
1976	Food Distribution Program on Indian Reservations	6	State Agencies
		88	Indian Tribes
1981	The Emergency Food Assistance Program	55	State Agencies
1982	Nutrition Assistance Program for Puerto Rico and Northern Marianas	2	State Agencies
1983	National Commodity Processing Program	11	Food Processors
1988	Soup Kitchen/Food Bank Program	55	State Agencies
1988	Farmers Market Nutrition Program	10	State Agencies

Responsibilities. FNS is responsible for paying the benefit costs and for paying a part of State administrative expenses for most food assistance programs. Depending upon how States have chosen to administer their part of the Federal/State partnership, FNS may work with the State department of human services, department of health, department of education, department on aging, department of agriculture, and/or State level commissions or other administrative units. When State law prohibits a State from disbursing program funds or where no State agency has assumed administrative responsibility, FNS assumes operation of the programs. In some programs, Indian tribal organizations function as State administering agencies.

FNS plans and coordinates the purchase and distribution of commodities to State agencies for use in domestic food assistance programs.

FNS implements program statutes through promulgation of regulations and instructions. FNS staff provide training and assistance to State Agencies, assure proper funds allocation and control, conduct program monitoring and evaluation, assure program integrity, develop program policy, and provide policy oversight.

Organization. Administrative functions of FNS are managed by an Administrator, two Associate Administrators and four Deputy Administrators. Each Deputy Administrator is responsible for management of program or administrative functions, as follows:

- Food Stamp Program - program planning, development and oversight related to the Food Stamp Program including retail store compliance and monitoring investigations through field locations.
- Special Nutrition Programs - program planning, development and oversight for Child Nutrition, Supplemental Food Programs, Food Donations Programs, National Commodity Processing and nutrition and technical services.
- Financial Management - accounting, budget, grants management and program information functions for all FNS programs, including oversight over the Agency's administrative review process both at FNS headquarters and five outstationed sites located throughout the country.
- Management - personnel, civil rights and equal employment opportunity, information resource management, management information, procurement, property and general administrative services.

Also at Headquarters are two staff offices:

- Office of Analysis and Evaluation - policy research and analysis, legislative analysis, budget planning and regulatory review across programs, and special studies and evaluations.
- Office of Governmental Affairs and Public Information - liaison with Congress, liaison with media and the public, and informational support of FNS programs.

Program operations are managed through seven regional offices, each directed by a regional administrator, incorporating 81 field locations (field and satellite) and 3 ROAP offices (2 seasonal). These offices maintain direct contact with State agencies which administer the FNS programs and also conduct on-site management reviews of State operations and the 213,000 retailers authorized to accept food stamps.

For Fiscal Year 1993, FNS will concentrate on improving program administration and operations within existing law. The agency believes that greater emphasis on all aspects of program integrity and efficiency will result in improved benefit delivery to recipients. Major areas of emphasis in the administration of FNS programs include:

Food Stamp Program

- Continue implementation of the Food, Agriculture, Conservation and Trade Act of 1990, P.L. 101-624, which reauthorized the Food Stamp and Commodity Distribution Programs.
- Continue development of procedures to increase coordination of services among the Aid to Families with Dependent Children, Medicaid, Supplemental Security Income Programs, and the Food Stamp Program.
- Implementation of a long-term multi-pronged strategy to increase and enhance enforcement actions including the conclusion of reauthorization of retailers project begun in Fiscal Year 1992, and to provide program modifications which will help deter food stamp trafficking.
- Food Stamp Program quality control reviews, to assess the States' liabilities due to excessive error rates in issuance of benefits, and the determination of enhanced funding for States with low error rates.
- Continuation of current demonstration projects testing the impact of Electronic Benefit Transfer technology on the Food Stamp issuance, redemption and reconciliation process, and application of EBT technology for use in WIC.

Special Nutrition Program

- Continue implementation of The Commodity Distribution Reform Act, P.L. 100-237, which mandated food distribution program enhancements which will make the system more responsive to recipient agencies.
- Special Nutrition Program activities to improve program integrity, accountability, and quality control particularly for the school, child and adult care food programs, and the WIC program.
- Continued implementation of required child nutrition program regulations and operation of the grants established under Public Law 101-147, Child Nutrition and WIC Reauthorization Act.
- Continued operation of the demonstration project to evaluate the participation of proprietary child care centers in the Child and Adult Care Food Program.
- Continued operation and expansion of the demonstration project to evaluate the feasibility of providing Federal child nutrition funding for meals served to children in homeless shelters.
- Continued operation of the demonstration project to evaluate various alternative methods for accounting for meals served in schools participating in the National School Lunch Program.
- Evaluation and issuance of a report to the Congress on the demonstration project established to test various strategies to reduce barriers to participation in the Child and Adult Care Food Program by family day care homes located in low-income areas.
- Increased information-sharing with States and local school food authorities on the process and benefits of "direct certification"; i.e., allowing direct communication from food stamp and AFDC offices regarding a child's eligibility to participate in lieu of a separate school lunch application.
- Publish final regulations for direct certification of free meal eligibility in the National School Lunch Program.
- Development, in coordination with the Department of Health and Human Services, of dietary guidelines for use in Child Nutrition Programs.
- Development of a training initiative that, building in experiences from the National School Lunch Program and Summer Food Service Program training efforts, involves State agencies in priority setting and in the development of effective, high quality training material.
- Continue technology transfer efforts in the National School Lunch Program and School Breakfast Program through Best Practice Awards.
- Continued development of the Coordinated Review System to ensure that it effectively reduces over-counting and claiming problems in the Special Nutrition Programs with special emphasis on integrating Federal and State level reviews to ensure effective resource utilization.
- Implementation of WIC vendor management improvement initiatives and proposed and final regulations to strengthen the integrity of vendor selection, training, monitoring and sanctioning.
- Active participation by WIC and other FNS programs in the Surgeon General's Healthy Children Ready to Learn initiative follow up activities.

- Continued active promotion of Breastfeeding for WIC participants, which include meetings of the USDA-sponsored Breastfeeding Promotion Consortium, the development of a public education campaign, and the conduct of eight breastfeeding incentive demonstration grants. Additionally, implementation of final regulatory changes including administrative support and enhancement of food packages for breastfeeding women on WIC.
- Cooperation with the Healthy Start initiative, by offering technical assistance, support and advice as requested to grantee cities to permit the optimal use of Federal assistance, especially WIC, to grantees to support their efforts to reduce infant mortality.
- Continued enhancement of the Processed Commodity Information Management System (PCIMS) which established one database for three USDA Agencies to use to manage the Commodity Programs and makes the programs more responsive to recipient agencies.
- Implementation of the Farmers Market Nutrition Program, including grant awards, training, and issuance of interim regulations.
- Coordination of WIC with Even Start and Head Start to foster improved services to participants.
- Implementation of Public Law 102-512, the WIC Infant Formula Procurement Act of 1992 through regulations, Federal solicitation of infant formula rebate bids and evaluation of this Law's impact on food costs.

Financial Management

- Implementation of the Chief Financial Officers Act (CFO) to review all financial management functions to ensure that core functions are appropriately placed and delegations of authority and policies are updated.
- Development of the grants management subsystem to the Agency Financial Management System. This will include systems for grant awards, letter of credit, and regional accounting activities.
- Continue to cooperate with the U.S. Treasury Financial Management Service to ensure State compliance with the implementation provisions of the Cash Management Improvement Act of 1990.
- Continuation of an overall strategy to improve the accounting and collection of debts including expansion of the Federal Tax Refund Offset Program from pilot status to operational status. Nine State agencies will participate for tax year 1992. The agency will offer the training and developmental support for an additional 16 State agencies in 1993 so that they may participate in tax year 1993.

Management

- Implementation of the Store Tracking and Authorization Redemption Subsystem (STARS), WIC Information System Enhancements (WISE), and Disqualified Recipient Subsystem (DRS) under the software Renewal Program to improve vendor management, program administration, and management of disqualified recipients.
- Coordination with the Department of Health and Human Services to implement General Accounting Office recommendations relevant to approval process for automation of State systems.
- Development and offering of Agencywide ethics training, as mandated by regulation.

- Improvement of research contract statement of work guidance, provision of training, and change of existing contract to apply the recent GAO-mandated funding restrictions on the use of contract options.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A net increase of \$1,666,000 for salaries and benefits and other expenses consisting of:
- (a) An increase of \$1,732,000 for salaries and benefits which reflects the annualization of the Fiscal Year 1993 pay raise.
 - (b) A net decrease of \$66,000 for travel and other operation expenses consisting of:
 - (i) An increase of \$474,000 which reflects a 2.7 percent increase in non-salary costs.
 - (ii) A decrease of \$491,000 for administrative efficiency.

Need for Change. To promote the efficient use of resources for administrative purposes, in keeping with the President's Executive Order, total USDA baseline outlays for these activities will be reduced by 3 percent in Fiscal Year (FY) 1994, 6 percent in FY 1995, 9 percent in FY 1996, and 14 percent in FY 1997.

Nature of Change. In order to achieve this savings, FNS will limit travel and other administrative expenses to those essential to Agency missions.
 - (iii) A decrease of \$49,000 for FTS funding. This decrease reflects lower long distance telecommunications prices due to price redeterminations in the FTS 2000 contracts.

GENERAL PROVISIONS

The estimates include General Provisions language as follows (new language underscored; deleted matter enclosed in brackets):

Section 701: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1994:

- Sec. 701. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal year
- 1 [1993] 1994 under this Act shall be available for the purchase, in addition to
 - 2 those specifically provided for, of not to exceed [659] 657 passenger motor
 - 3 vehicles, of which [654] 653 shall be for replacement only, and for the hire of such vehicles.

The first change adds language making this section of the General Provisions applicable to fiscal year 1994.

The second and third changes revise the total number of passenger motor vehicles to be acquired in fiscal year 1994. The estimates propose the acquisition of 657 passenger motor vehicles. Of this amount 653 would be acquired to replace existing vehicles and four would be additions to the fleet. Three of the four additional vehicles are for the Agricultural Marketing Service's Laboratory Accreditation Program for visiting commercial labs across the country; and the National Agricultural Statistics Service requires one additional vehicle to provide transportation to meet increased field activities.

Section 702: Provides that funds available to the Department of Agriculture shall be available for uniforms or uniform allowances.

Sec. 702. Funds in this Act available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

Section 703: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and (7 U.S.C. 427, 1621-1629) and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with these Acts.

Sec. 703. Not less than \$1,500,000 of the appropriations of the Department of Agriculture in this Act for research and service work authorized by the Acts of August 14, 1946 and July 28, 1954, and (7 U.S.C. 427, 1621-1629), and by chapter 63 of title 31, United States Code, shall be available for contracting in accordance with said Acts and chapter.

Section 704: Prohibits the use of funds in this Act to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marijuana, or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

Sec. 704. No part of the funds contained in this Act may be used to make production or other payments to a person, persons, or corporations upon a final finding by court of competent jurisdiction that such party is guilty of growing, cultivating, harvesting, processing or storing marijuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.

Section 705: Provides a limitation on the cumulative total of transfers to the Working Capital fund for the purpose of accumulating growth capital for data services and National Finance Center operations.

Sec. 705. The cumulative total of transfers to the Working Capital Fund for the purpose of accumulating growth capital for data services and National Finance Center operations shall not exceed \$2,000,000: Provided, That no funds in this Act appropriated to an agency of the Department shall be transferred to the Working Capital Fund without the approval of the agency administrator.

Section 706: Provides that certain funds are to remain available until expended. The following changes are proposed in this section for 1994:

- Sec. 706. New obligational authority provided for the following appropriation items in this Act shall remain available until expended (7 U.S.C. 2209b):
- 1 Animal and Plant Health Inspection Service, the contingency fund to meet emergency conditions, and Integrated Systems Acquisition Project [, and the reserve fund for the Grasshopper and Mormon Cricket Control Programs;
 - 2 Agricultural Stabilization and Conservation Service, salaries and expenses funds made available to county committees]; Office of International Cooperation and Development, Middle-Income Country Training
 - 3 Program; of the funds appropriated for Rental Payments, \$5,000,000 for non-recurring repairs; higher education graduate fellowships grants under section 1417(b)(6) of the National Agricultural Research, Extension and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(6)); higher education minority scholars programs under section 1417 (b)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3152(b)(2)); and capacity building grants to colleges eligible to receive funds under the Act of August 30, 1890, including Tuskegee University.

New obligational authority for the Boll Weevil Program and up to 10 per centum of the Screwworm Program of the Animal and Plant Health Inspection Service shall remain available until expended.

The first change deletes language related to accounts for which no funds are requested in fiscal year 1994.

The second change proposes no-year funding for \$5 million of the Rental Payments account to remain available until expended for non-recurring repairs. This change is needed due to the lengthy contracting process.

The third change proposes no-year funding for the higher education minority scholars programs. These funds could then be returned to USDA for competitive award in future years, if a school could not award the scholarship or a student drops out of the program.

Section 707: Provides that no part of any appropriation in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Sec. 707. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Section 708: Provides a limitation on the amount of funds available to provide orientation and language training for families of officers and employees of the Department in anticipation of an assignment abroad of such officers and employees or while abroad, pursuant to Public Law 94-449.

Sec. 708. Not to exceed \$50,000 of the appropriations available to the Department of Agriculture in this Act shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

Section 709: Requires that funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.

[Sec. 709. Funds provided by this Act for personnel compensation and benefits shall be available for obligation for that purpose only.]

This change deletes the entire section 709. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to manage the Department's resources in the most efficient and effective manner.

Section 710: Limits expenditure of funds on contracts for services to those awarded in accordance with existing law.

[Sec. 710: No part of any appropriation contained in this Act shall be expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), pursuant to any obligation for services by contract, unless such executive agency has awarded and entered into such contract as provided by law.]

This change deletes the entire section 710. This provision is unnecessary because funds are expended on contracts for services that are awarded in accordance with existing law.

Section 711: Prohibits use of funds to enforce regulations that have been disapproved pursuant to a resolution of disapproval adopted by the Congress.

[Sec. 711. None of the funds appropriated or otherwise made available by this Act shall be available to implement, administer, or enforce any regulation which has been disapproved pursuant to a resolution of disapproval duly adopted in accordance with the applicable law of the United States.]

This change deletes the entire section 711. Funds of this Department are not available to implement regulations disapproved by the Congress in accordance with the applicable law of the United States.

Section 712: Limits the negotiated indirect cost rates on cooperative agreements between the Department and nonprofit institutions to 10 per centum of the value of the agreement.

Sec. [712] 709. No funds appropriated by this Act may be used to pay negotiated indirect cost rates on cooperative agreements or similar arrangements between the United States Department of Agriculture and nonprofit institutions in excess of 10 per centum of the total direct cost of the agreement when the purpose of such cooperative arrangements is to carry out programs of mutual interest between the two parties. This does not preclude appropriate payment of indirect costs on grants and contracts with such institutions when such indirect costs are computed on a similar basis for all agencies for which appropriations are provided in this Act.

This change renumbers the section due to the deletion of previous sections.

Section 713: Funds shall not be used to carry out any activity related to the phasing out of the Resource Conservation and Development Program.

[Sec. 713. None of the funds in this Act shall be used to carry out any activity related to phasing out the Resource Conservation and Development Program.]

This change deletes the entire section 713. The budget does not include any funds to phase out this program.

Section 714: Ensures the Commodity Credit Corporation's right and obligation to sell surplus commodities in world trade at competitive prices.

[Sec. 714. None of the funds in this Act shall be used to prevent or interfere with the right and obligation of the Commodity Credit Corporation to sell surplus agricultural commodities in world trade at competitive prices as authorized by law.]

This change deletes the entire section 714. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 715: Enables the Secretary of Agriculture to provide commodities to individuals in certain hardship situations.

Sec. [715] 710. Notwithstanding any other provision of this Act, commodities acquired by the Department in connection with Commodity Credit Corporation and section 32 price support operations may be used, as authorized by law (15 U.S.C. 714c and 7 U.S.C. 612c), to provide commodities to individuals in cases of hardship as determined by the Secretary of Agriculture.

This change rennumbers the section due to the deletion of previous sections.

Section 716: Limits the expenditure of appropriated funds for space rental and related costs to that level included in the 1993 budget.

[Sec. 716. None of the funds in this Act shall be available to reimburse the General Services Administration for payment of space rental and related costs in excess of the amounts specified in this Act; nor shall this or any other provision of law require a reduction in the level of rental space or services below that of fiscal year 1992 or prohibit an expansion of rental space or services with the use of funds otherwise appropriated in this Act. Further, no agency of the Department of Agriculture, from funds otherwise available, shall reimburse the General Services Administration for payment of space rental and related costs provided to such agency at a percentage rate which is greater than is available in the case of funds appropriated in this Act.]

This change deletes the entire section 716. This change is requested in order to permit the Secretary the flexibility to carry out the efficient operation of the programs of the Department.

Section 717: Requires that not less than twenty construction starts will be initiated in 1992, under the Watershed Protection and Flood Prevention Act, P.L. 566, and not less than five new projects under the Flood Control Act, P.L. 534.

[Sec. 717. In fiscal year 1993, the Secretary of Agriculture shall initiate construction on not less than twenty new projects under the Watershed Protection and Flood Prevention Act (Public Law 566) and not less than five new projects under the Flood Control Act (Public Law 534).]

This change deletes the entire section 717. The 1994 budget proposes to initiate new projects. However, this change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 718: Establishes minimum staff year floors for certain agencies.

[Sec. 718. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on full-time equivalent staff years below the level set herein for the following agencies: Food and Drug Administration, 8,924; Farmers Home Administration, 12,225; Agricultural Stabilization and Conservation Service, 2,550; Rural Electrification Administration, 550; and Soil Conservation Service, 14,177.]

This change deletes the entire section. This change is requested in order to permit the Secretary of Agriculture and the Commissioner of the Food and Drug Administration the flexibility needed to carry out programs of USDA and FDA in the most efficient and effective manner.

Section 719: Funds may be applied only to the objects for which appropriations were made.

Sec. [719] 711. Funds appropriated by this Act shall be applied only to the objects for which appropriations were made, except as otherwise provided by law, as required by 31 U.S.C. 1301.

This change rennumbers the section due to the deletion of previous sections.

Section 720: No funds are to be available to restrict the Commodity Credit Corporation from leasing space for its own use or to lease space for others when the space will be jointly occupied.

[Sec. 720. None of the funds in this Act shall be available to restrict the authority of the Commodity Credit Corporation to lease space for its own use or to lease space on behalf of other agencies of the Department of Agriculture when such space will be jointly occupied.]

This change deletes the entire section 720. CCC will retain the ability to lease space under the CCC Charter Act.

Section 721: Prohibits the release of information acquired in connection with the administration of marketing orders, other than aggregate data.

[Sec. 721. None of the funds provided in this Act may be expended to release information acquired from any handler under the Agricultural Marketing Agreement Act of 1937, as amended: Provided, That this provision shall not prohibit the release of information to other Federal Agencies for enforcement purposes: Provided further, That this provision shall not prohibit the release of aggregate statistical data used in formulating regulations pursuant to the Agricultural Marketing Agreement Act of 1937, as amended: Provided further, That this provision shall not prohibit the release of information submitted by milk handlers.]

This change deletes the entire section 721. The Department considers the handler affiliation of particular growers and all other commercial or financial information submitted by handlers to be confidential and exempt from disclosure under the FOIA pursuant to the Agricultural Marketing Act of 1937.

Section 722: Prohibits the use of private debt collection agencies by the Farmers Home Administration.

[Sec. 722. Unless otherwise provided in this Act, none of the funds appropriated or otherwise made available in this Act may be used by the Farmers Home Administration to employ or otherwise contract with private debt collection agencies to collect delinquent payments from Farmers Home Administration borrowers.]

This change deletes the entire section 722. This change is requested in order to permit the Secretary, his policy staff and program managers the flexibility needed to carry out the efficient operation of these programs.

Section 723: No funds made available under the Act shall be used to sell loans made by the Agricultural Credit Insurance Fund; and Rural Development Insurance Fund loans offered for sale in fiscal year 1993 shall be first offered to the borrowers for prepayment.

[Sec. 723. None of the funds in this Act, or otherwise made available by this Act, shall be used to sell loans made by the Agricultural Credit Insurance Fund. Further, Rural Development Insurance Fund loans offered for sale in fiscal year 1993 shall be first offered to the borrowers for prepayment.]

This change deletes the entire section. The fiscal year 1994 budget does not include sales of loans made by the Agricultural Credit Insurance Fund nor does it include any Rural Development Insurance Fund loan sales.

Section 724: Prohibits the use of funds to establish any new office, organization or center, if funds have not been provided in advance.

[Sec. 724. None of the funds in this Act may be used to establish any new office, organization or center for which funds have not been provided in advance in Appropriations Acts, except the Department may carry out planning activities.]

This change deletes the entire section. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 725: Prohibits the use of funds to regulate the order or sequence of advances under approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank, or the Federal Financing Bank.

[Sec. 725. None of the funds in this Act, or otherwise made available by this Act, shall be used to regulate the order or sequence of advances of funds to a borrower under any combination of approved telephone loans from the Rural Electrification Administration, the Rural Telephone Bank or the Federal Financing Bank.]

This change deletes the entire section 725. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient manner.

Section 726: Places a prohibition on the use of funds to pay indirect costs on research grants competitively awarded by the Cooperative State Research Service that exceed a specified level of direct costs.

[Sec. 726. None of the funds in this Act shall be available to pay indirect costs on research grants awarded competitively by the Cooperative State Research Service that exceed 14 per centum of total direct costs under each award.]

This change deletes the entire section 726. This change is requested in order to permit the Secretary the flexibility needed to carry out the programs of the Department in the most efficient and effective manner.

Section 727: Limits Market Promotion Program funding:

[Sec. 727. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a Market Promotion Program pursuant to section 203 (7 U.S.C. 5623) of the Agricultural Trade Act of 1978 with respect to tobacco subsidies or if the aggregate amount of funds and/or commodities under such program exceeds \$147,734,000.]

This change deletes the entire section 727. Market Promotion Program funding is proposed to be reduced through legislation.

Section 728: Prohibits funds to be used to enroll additional acres in the Wetlands Reserve Program.

[Sec. 728. None of the funds appropriated or otherwise made available by this Act shall be used to enroll additional acres in the Wetlands Reserve Program, as authorized by 16 U.S.C. 3837, beyond those acres enrolled as a result of the sign-ups conducted in 1992.]

This change deletes the entire section 728. Funding for this program is requested in fiscal year 1994.

Section 729: Prohibits funds to be used to enroll additional acres in the Conservation Reserve Program.

[Sec. 729. None of the funds appropriated or otherwise made available by this Act shall be used to enroll additional acres in the Conservation Reserve Program, as authorized by 16 U.S.C. 3831-3845, beyond those acres enrolled as a result of the signups conducted in 1992.]

This change deletes the entire section 729. Funding for this program is requested in fiscal year 1994.

Section 730: Provides funds for loan guarantees, and provides that funds will be available only to the extent provided in advance in Appropriations Acts.

[Sec. 730. For loan guarantees authorized under sections 1465-1469 of Public Law 101-624 for the Agricultural Resource Conservation Demonstration Program, \$10,000,000. For the cost, as defined in section 502 of the Congressional Budget Act of 1974, \$3,644,000: Provided, That, hereafter, no other funds are available in this or any other Act to carry out this program, other than those provided for in advance in Appropriations Acts, except for the cost of administering the program: Provided further, That such limitation shall not apply with respect to the duties and obligations of the Secretary regarding any loan or note guarantees, interest of the Secretary regarding any loan or note guarantees, interest assistance agreements, or other understandings entered into during fiscal year 1992, and the personnel of the Department shall carry out the duties and obligations of the Secretary, and any other requirements imposed on the Secretary regarding such Agricultural Resource Conservation Demonstration Loan Program with respect to the loan made and guaranteed in 1992.]

This change deletes the entire section 730. Appropriation language for this account is included as part of the Farm Service Agency.

Section 731: Limits the amount of funds that can be withdrawn from the Commodity Credit Corporation by the Agricultural Stabilization and Conservation Service for computer hardware and software.

[Sec. 731. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries of personnel who carry out a program within the Agricultural Stabilization and Conservation Service for the purchase of computer hardware and software and other costs in support of long-range Information Resources Management objectives in Automated Data Processing if the aggregate amount of funds transferred by the Commodity Credit Corporation to the Agricultural Stabilization and Conservation Service for such purchases exceeds \$52,400,000.]

This change deletes the entire section 731. Funding for computer hardware and software for the Agricultural Conservation and Stabilization Service is included in the fiscal year 1994 budget request for direct appropriation for the Farm Service Agency.

Section 732: Absorption of fiscal year 1993 pay raises.

Sec. [732] 712. Such sums as may be necessary for fiscal year [1993] 1994 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

These changes renumber the section due to the deletion of previous sections and make the provision applicable to fiscal year 1994.